



Department of Health Services
Gap Analysis and Requirements -
Integrated Requirements
SD/MC HIPAA Phase II Project

October 6, 2004
Version 1.0

Final Version



SD/MC HIPAA Phase II Project – Gap Analysis and Requirements – Integrated Requirements

Document History (Version Control)

Version	Date	Author	Brief Description of Modifications
0.A	October 6, 2004	Sally Klein	Original
0.B	October 6, 2004	David Bass	Initial DHS Edits
1.0	October 26, 2004	David Bass	Saved as Final. No other changes.



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1. Executive Summary

1.1 Overview

The California Department of Health Services (DHS) has contracted with SAIC and FOX Systems, Inc. (the SAIC/FOX HIPAA Team) to assess the current processes and procedures for Short Doyle/Medi-Cal (SD/MC) claims, to develop a gap analysis highlighting the differences between the current procedures and the requirements of the Health Insurance Portability and Accountability Act (HIPAA) Transactions and Code Sets (TCS) regulations, and to document a set of recommendations that will bring SD/MC into compliance with these requirements. This report identifies business and technical gaps and requirements as they relate to the HIPAA TCS regulations. It includes desired features in the form of requirements that take advantage of the HIPAA mandate for an efficient, highly automated and standardized system.

1.2 Executive Summary

The SAIC/FOX HIPAA Team reviewed numerous internal documents, as well as all of the HIPAA assessments conducted to date for DHS, DMH, and ADP. In addition, the Team interviewed ADP, DMH, and DHS staff and attended a county meeting hosted by DHS. From this information the SAIC/FOX HIPAA Team quantified the gaps and requirements necessary for HIPAA compliance.

The covered entity status of trading partners is important in determining the requirements for HIPAA compliance. Where counties act as health plans, there are different system and transaction requirements than where counties act as providers. These transaction expectations are detailed in this document.

The Team further analyzed the laws and regulations governing the data interchange between SD/MC and its trading partners. Suggestions are made within this document to align these regulations with HIPAA requirements.

Finally, the document presents suggestions with regard to how the data available from HIPAA transactions can be used by a re-engineered system to enhance the information available to programs to improve their business operations, expedite the claiming process, and detect errors or deceptive activities related to claiming. Detailed recommendations for system changes will be presented in the Recommendations Document.



2. Requirements for Business and Technical Changes to Become HIPAA Compliant

2.1 Covered Entity Status

In order to determine the requirements for its own compliance, each covered entity must either determine or decide the covered entity status of its major trading partners. Since most of the transactions named in the HIPAA TCS rule specify the trading partners that are compelled to conduct business using the standard, the determination of status is the first, and probably most important, step in HIPAA compliance. Most HIPAA named transactions are intended to be exchanged between a provider of health care and a health plan. Other covered entities may choose to use the standard transactions for their business purposes, but that use is not mandated by the HIPAA TCS rule.

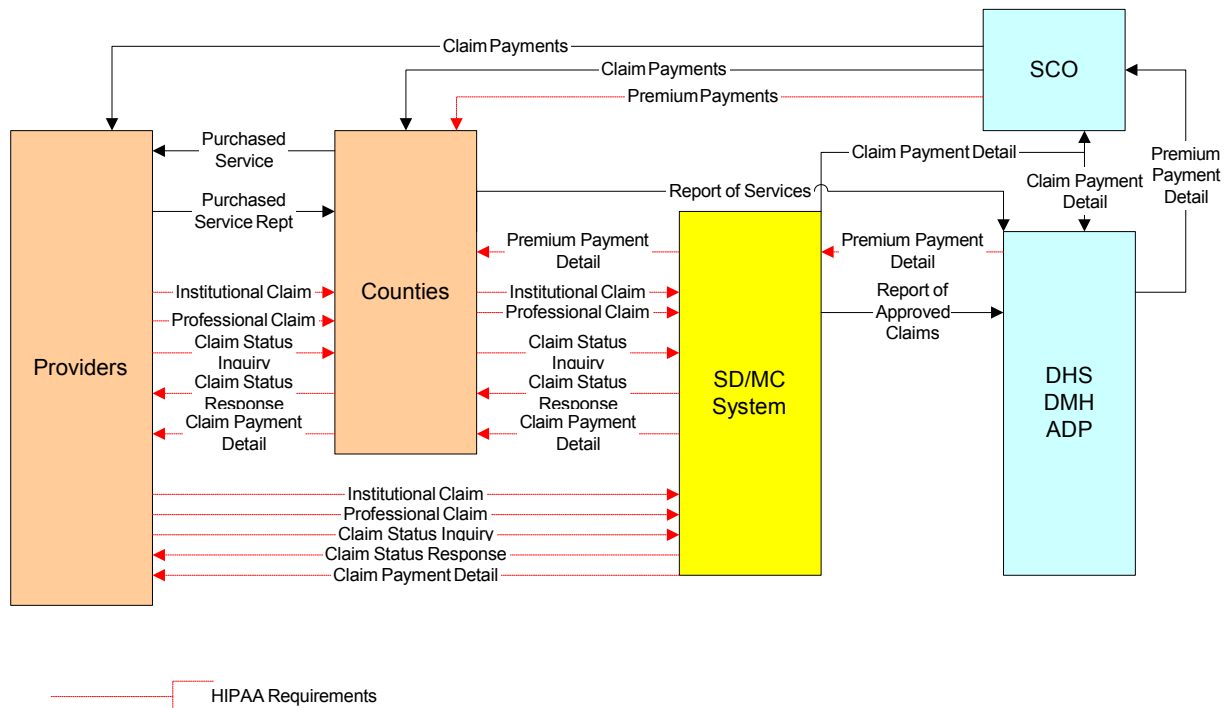
In the case of DMH and ADP, it can be argued that the county MHP and AOD programs serve either as providers (because they run facilities or clinics) or as health plans (because they contract with other providers and pay those providers for the health care services). While this decision may appear to be very basic or simplistic, it is necessary to determine how SD/MC is *required* to comply with HIPAA.

It is probable that there will not be one single decision regarding the covered entity status of the county partners. In addition, ADP has contracts with Direct Providers and acts directly as the Health Plan for these providers. This report will attempt to address the business requirements of a system allowing processes to support both Health Plan and provider transactions. The continuing goal is to have the system manage the complexities of incoming data, correctly process the data using pre-determined adjudication criteria, and return the appropriate outbound transactions with minimal manual intervention. The following diagram demonstrates how the system will need to process transactions from counties as health plans, counties as providers, and direct providers in the SD/MC system:



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Complex System Processing for Counties and Direct Providers



2.2 Requirements for HIPAA Compliance

Throughout this engagement the SAIC/HIPAA Team has looked at the discreet business and technical functions of DMH, ADP and DHS to determine which processes meet HIPAA definitions and which ones must be changed. In some cases these lines are not distinct, so a current function in conflict with HIPAA requirements may allude to a new function required for HIPAA compliance. It is our desire to present these functions in five categories (numbers represent the number of requirements listed):

- Current requirements that are compatible with HIPAA (9)
- Current requirements in conflict with HIPAA (25)
- New requirements for HIPAA compliance (52)
- Current requirements not covered by HIPAA (27)
- New requirements that are optional for HIPAA (63)

Due to the volume of the requirements (176 total), the tables have been placed in the Appendix.



3. Gap Regulations

Introduction

The Regulatory Review subsection of the business requirements continues the analytical process of identifying California SD/MC laws impacted by HIPAA. In the previous deliverable, an overview of HIPAA Transactions and Code Sets regulations and California laws potentially impacted by HIPAA were set forth. Laws identified as having a likely HIPAA impact are analyzed in this business requirements section for quantity and type of impact; potential changes needed; and risks associated with not changing California laws. The rule making authority of DHS, ADP, DMH, and MRMIB is also presented along with a section identifying existing procedures necessary to change CA law.

3.1 CA Law Conflicts

This section identifies State laws and regulations in conflict with HIPAA requirements and identifies potential changes to CA laws or potential new CA laws needed to comply with HIPAA requirements (only DHS and DMH laws fell into this category). The analysis is presented in a table format. There are two sections: one for those laws where minor changes in the form of re-wording may be required to specific provisions and another for those laws where major sub-section or section change may be required. Those laws that had no action required are not included. Table headers and columns are explained below, followed by tables for each agency.

Column Heading: Org. (Organization)

Column Description: DHS, DMH, ADP, or MRMIB

Column Heading: Current Regulation

Column Description: Citation and short description of CA impacted law

Column Heading: HIPAA Requirement

Column Description: Identification of HIPAA requirement implicated and description of action needed for compliance.



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Table 1. Medi-Cal Laws Impacted by HIPAA

Org.	Current Regulation		HIPAA Requirement
<i>Re-wording may be required to specific provisions</i>			
DHS	W & I §14021.6	Medi-Cal drug treatment program –maximum allowable service rates (Subsections c,d,e)	45 CFR 162.1002 Medical Data Code Sets <i>Change service descriptions to be consistent with required codes.</i>
DHS	T. 22 §51490.1	Claim Submission Requirements for Counties and Providers of Drug Medi-Cal Substance Abuse Services. (Subsection c,d)	45 CFR 162.923/1000 Requirements for Covered Entities and Code Sets <i>Change name of transaction and codes to be consistent with HIPAA (e.g. Error Correction Report and Override Code).</i>
DHS	T. 22 §51516.1	Reimbursement Rates for Drug Medi-Cal Substance Abuse Program Services	45 CFR 162.1002 Medical Data Code Sets <i>Change service descriptions (in Rates) to be consistent with required codes.</i>
DMH	T.9 §1739	Allowable Psychiatric Accommodation Code	45 CFR 162.1002 Medical Data Code Sets Ensure codes are consistent with required codes for covered entities.
DMH	T.9 §1772	Prior Authorization	45 CFR 162.925 & .1301 Requirements for health plans & Referral Certification and authorization transaction. Ensure “written” includes electronic process.
DMH	T.9 §1777	MHP Payment Authorization by a Point of Authorization.	45 CFR 162.925 & .1301 Requirements for health plans & Referral Certification and authorization transaction. Ensure “written request” includes electronic process.
DMH	T.9 §1820.100	Definitions “Allowable Psychiatric Accommodation Code”	45 CFR 162.1002 Medical Data Code Sets Ensure codes and descriptions are consistent with required codes for covered entities.
DMH	T. 9 §1840.304	Crosswalk between service functions and HCPCS codes	45 CFR 162.1002 Medical Data Code Sets Ensure codes and descriptions are consistent with required codes for covered entities.
<i>Major Section/Subsection Change may be required</i>			
DHS	T. 22 §51502	Billing Requirements	45 CFR 162.1101 Health Care Claim <i>Change billing Requirements to be consistent with HIPAA.</i>

In deciding on whether to take action to align state law with HIPAA, the following risks should be considered:



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Requiring business partners to conduct business using currently invalid state law (or provision of state law) for conducting transactions covered by HIPAA TCS presents risk of complaints to HHS and potential enforcement action against DHS. Enforcement action could include a requirement to implement an HHS approved compliance plan (which may or may not include approaches selected by DHS), fines, and for Medicaid programs, potential reduced federal financial participation.

Leaving currently invalid state law (or provision of state law) in place, but requiring business partners to follow HIPAA requirements presents no HIPAA compliance risk, but does present practical risks. DHS may find it politically and practically difficult to act inconsistent with state statutes and regulations requiring specific action even though state laws conflicting with HIPAA requirements were automatically preempted with respect to transactions governed by HIPAA TCS. There is a risk that inconsistent information will be provided regarding which law governs in a particular situation both because staff may be confused and because only those provisions, or parts of provisions, in conflict with HIPAA are preempted, not necessarily an entire law or code section. Greater submission errors could occur due to business partner confusion related to which law to follow in order to have their transaction processed by DHS.

3.2 Short-Doyle Medi-Cal Rule-Making Authority

The following table displays California Code citations that grant an agency rule-making authority over general activities as well as specific authority over Short-Doyle Medi-Cal program issues.

Table 2. Rule Making Authority

Area of Authority	DHS	DMH	ADP	MRMIB
General Department Authority	W&I 10725 W&I 10750	W&I 4005.1 W&I 4011	H&S §11755	I §12693.20 I §12693.21
SD/MC programmatic authority	W&I 14021	W&I 5750 W&I 5600.3 W&I 4024.5	H&S §11758.40 H&S §11758.41 W&I 4024.5	I §12693.61
SD/MC Definition of Services authority	W&I 14021 W&I 14021.35		H&S §11758.46	
SD/MC Rates of Reimbursement authority	W&I 14021.35 W&I 14021.5(c) W&I 5724	W&I 5724	H&S §11758.42	



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SD/MC Systems and data reporting authority		W&I 5610 W&I 5650 W&I 5705	H&S \$11758.46(d)	
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4. Business and Technical Environment Changes

The overall objective of this engagement is to “ensure that counties and providers can continue to be paid successfully for services rendered on behalf of the Short-Doyle program while implementing a HIPAA-compliant system.”¹ Throughout numerous interviews with diverse staff, the comment that payment does not currently track the claim submission process was repeated numerous times. The goal of HIPAA is to simplify the administrative burdens of health care by making this claiming process uniformly electronic. Whether the method of transmitting payment information is the 820 (for non-claims payments) or the 835 (for claims payments) transactions, the assumption is that payment is regular, predictable and automated.

The automation of current manual processes will trigger the following business and technical operational changes:

- Alternate mechanisms to monitor the health care delivery process due to processing automation
- Possible redesign of health care delivery mechanisms
- New or different levels of communication and trust between the State and counties or direct providers
- Higher standards of accuracy for information submitted from providers
- Improved adjudicated and payment criteria through a collaborative process
- Recognize that a third party has paid something towards the claim and subtract that payment from what is owed to the provider.
- Trading partner agreements with other payers to perform direct Coordination of Benefits
- Accurate reflection of Share of Cost payments in claims received, correct recognition of the amounts, and appropriate adjustments to payments
- Increased flexibility to handle program, recipient, and funding changes
- A new interface with SCO to obtain information needed for the payment information transactions (820 and 835), possibly involving an automated payment request to SCO for each county or direct provider
- Alternate mechanisms to maintain control of program elements, service delivery, and available funding

¹ Short-Doyle Medi-Cal HIPAA Phase II Scope and Goals, Version 1.3, Office of HIPAA Compliance, p. 1



5. Information Exchange Changes

Information exchanges will change to follow changes to business processes. If DMH and ADP conduct electronic information exchanges with county partners that meet the definitions of standard transactions, then those information exchanges must be in the standard. ADP and DMH also must not provide any incentives for any partner to not conduct the transaction using the standard.

The following changes in Information exchange are expected due to changes in business processes:

- Data submitted on a claim should not be requested at another time in another format.
- Recognition of the type of transaction from data contained within the transaction
- Discontinued use of manual batching and department-level edits for determining adjudication
- Possible extraction of information from incoming data to match data currently within the system
- Use and storage of additional data to influence adjudication, decision support, and new business processes
- Capture, store, and retrieve data in formats necessary to support the current business processes in place during transition
- Processing of HIPAA-compliant claim status inquiry and response transactions (276/277; see SDMC P2 Business Requirements for initial mapping)
- Discontinued use of proprietary claim status processes
- Return additional data on outbound transactions (835, 277)
- Management of data at the claim and service line levels
- New claim processes: voids and resubmissions
- Decreased acceptance of paper submissions
- Possible submission alternatives for small providers: Direct Data Entry, paper exceptions
- Alternatives to the submission of invoices to allow claim adjudication
- Regular (e.g., monthly, quarterly, etc.) updates to medical and administrative code sets to maintain HIPAA compliance.



6. Information and Technical Processes Requiring Change

The intent of the tables in this section is to present the areas impacted by HIPAA in the current system. The tables should not be interpreted to mean that a decision has been made to propose changes in any of these areas in a recommended solution.

The following table summarizes the detail that was presented in the SD/MC P2 Technical Requirements document. The detail presentation names each of the affected processes.

Table 3: Gap Analysis and Requirements Summary

Summary of Technical Processes Requiring Change				
Current System	JCL	Scripts / Procs	Programs (includes sorts)	Functions / Tables
MSD	22	20	43	0
AOD InfoNet	0	2	0	3
TAPS	0	1	0	5
ITWS	0	7	0	2
Translator	0	6	0	5
Total	22	36	43	15



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The following table presents a cross-reference summary of technical applications to categories of HIPAA requirements.

Table 4: Requirements/Applications Cross-Reference

Summary of Technical Process Changes by HIPAA Requirements						
Application	Current – HIPAA Compatible	Current – HIPAA Conflict	Current – HIPAA Not Covered	New – HIPAA Required	New – HIPAA Optional	Total
MSD - Apply Corrections	0	1	0	1	0	2
MSD - Batch Reconciliation	0	1	0	0	0	1
MSD - Adjudication Edits	3	9	1	11	4	28
MSD - Client Eligibility	0	6	1	1	3	11
MSD - Pricing and Error Reporting	1	4	2	6	2	15
MSD - Reporting	0	7	0	0	1	8
AOD InfoNet	1	2	0	1	0	4
TAPS	2	3	1	2	3	11
ITWS	0	2	0	2	0	4
Translator	0	3	0	1	0	4
Total	7	38	5	25	13	88



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The following table lists those Inputs and outputs that must be changed in order for the SD/MC system to be HIPAA compliant. The 350 byte proprietary file, which is processed in all steps of the mainframe SD/MC (MSD), is excluded because it is an internal process that feeds no external activities. This format is addressed, however, in the Electronic EOB, which uses the same 350-byte format.

Some files, such as the Electronic EOB, are shown more than once because of the importance of the file to the individual process.

Table 5: Inputs and Outputs Requiring Change

Inputs and Outputs Requiring Change						
Current System	Environment	Application	I / O	Description	HIPAA (Man / Opt)	Impact (Mod / Del / New)
Data Entry	KDE	Key paper claims	I	Paper Claims	Opt	Mod
MSD	Mainframe	Apply Corrections	I	Correction File from KDE	Man	Del
MSD	Mainframe	Apply Corrections	I	Electronic ECR (ECF)	Man	Del
MSD	Mainframe	Apply Corrections	I / O	Suspense Master	Opt	Mod
MSD	Mainframe	Batch Reconciliation	I	Daily DMH / ADP Claims to mainframe process	Man	Del
MSD	Mainframe	Batch Reconciliation	I	837 P format Professional Claims	Man	New
MSD	Mainframe	Batch Reconciliation	I	837 I format Institutional Claims	Man	New
MSD	Mainframe	Data Edits	I	Duplicate Check Master	Man	Mod
MSD	Mainframe	Reporting	I	276 Claim Status Request	Man	New
MSD	Mainframe	Reporting	O	Electronic EOB	Man	Del
MSD	Mainframe	Reporting	O	835 'Information Only' Transaction	Man	Mod
MSD	Mainframe	Reporting	O	277 Claim Status Response	Man	New
AOD InfoNet	Client Server	Upload Handler	I	Claims in Proprietary format (157 byte)	Man	Del
AOD InfoNet	Client Server	Upload Handler	I	837 P format Professional Claims	Man	New
TAPS	Server Database	Load EOB into Oracle	I	Electronic EOB	Man	Del



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Inputs and Outputs Requiring Change						
Current System	Environment	Application	I / O	Description	HIPAA (Man / Opt)	Impact (Mod / Del / New)
TAPS	Server Database	Load EOB into Oracle	I	Compliant 835	Man	New
ITWS	Internet Web Site Server	ECF Processing	I	Electronic ECF	Man	Del
ITWS	Internet Web Site Server	Incoming	I	276 Claim Status Request	Man	New
ITWS	Internet Web Site Server	Notify Outgoing	I	Electronic EOB	Man	Del
ITWS	Internet Web Site Server	Outgoing	O	Compliant 835	Man	New
ITWS	Internet Web Site Server	Outgoing	O	277 Claim Status Response	Man	New
Translator	Client Server Database	Process EOBs	I	Electronic EOB	Man	Del
Translator	Client Server Database	837p & 837i to SDMC	O	Pass thru database	Man	Del
Translator	Client Server Database	837p & 837i to SDMC	O	Claims in Proprietary format (157 byte)	Man	Del



7. Gap staffing models

It is very difficult to propose staffing model changes prior to making recommendations for remediation. Tables A-E in the Appendix of this document contain expected staffing model impacts for the requirements described. These suggestions are very general and should be taken only as possible options for different distribution of staff. This section provides a more general look at staffing model impacts overall.

7.1 *Information Technology (IT)*

Under any scenario, the SD/MC system will need continual upgrading to maintain pace with changes in HIPAA requirements, particularly in terms of updating code sets and affected edits or other processes. This upgrading could be exceedingly labor intensive even after significant system re-engineering occurs to comply with current HIPAA requirements. There may, however, be some changes that result in consolidation of some IT staff. The current system requires separate staff at DHS, DMH and ADP to manage and navigate the various systems that have been necessary to secure claim payment. There could be advantages to having one decision support system which contains all of the data from claims, encounters, interim payments, claim payments, etc. This system would need to be accessible by multiple program persons, and queries could be made according to the needs of that program.

Should partners involved in the SD/MC system determine a desire to create a DDE mechanism for claim submission, then IT staff would be necessary to create and maintain such a system. User issues will probably be the biggest burden with this type of system, as many providers will want to have numbers to call if the system does not perform as planned.

7.2 *Accounting and Contract Management Services*

At the current time, many staff are involved with reviewing invoices, comparing those invoices to claim batches, researching FFP levels, monitoring budgets, etc., before claims result in final payment. HIPAA Administrative Simplification would suggest that the system be programmed to manage these details. While fewer individuals may handle the actual claim and invoice before adjudication, it is probable that a similar number of individuals may still be necessary to manage these details from the program perspective.



7.3 *Program and Quality Improvement*

The greatest advantage to a more automated system is the freeing of resources to monitor services and plan program changes that benefit the clients. At this point, the SD/MC system is extremely labor intensive but that labor is available only to assure payment, not to improve service delivery. Increasing the amount of data that is available and the speed at which that data is available to program staff can only serve to help them make more informed decisions that improve patient care.

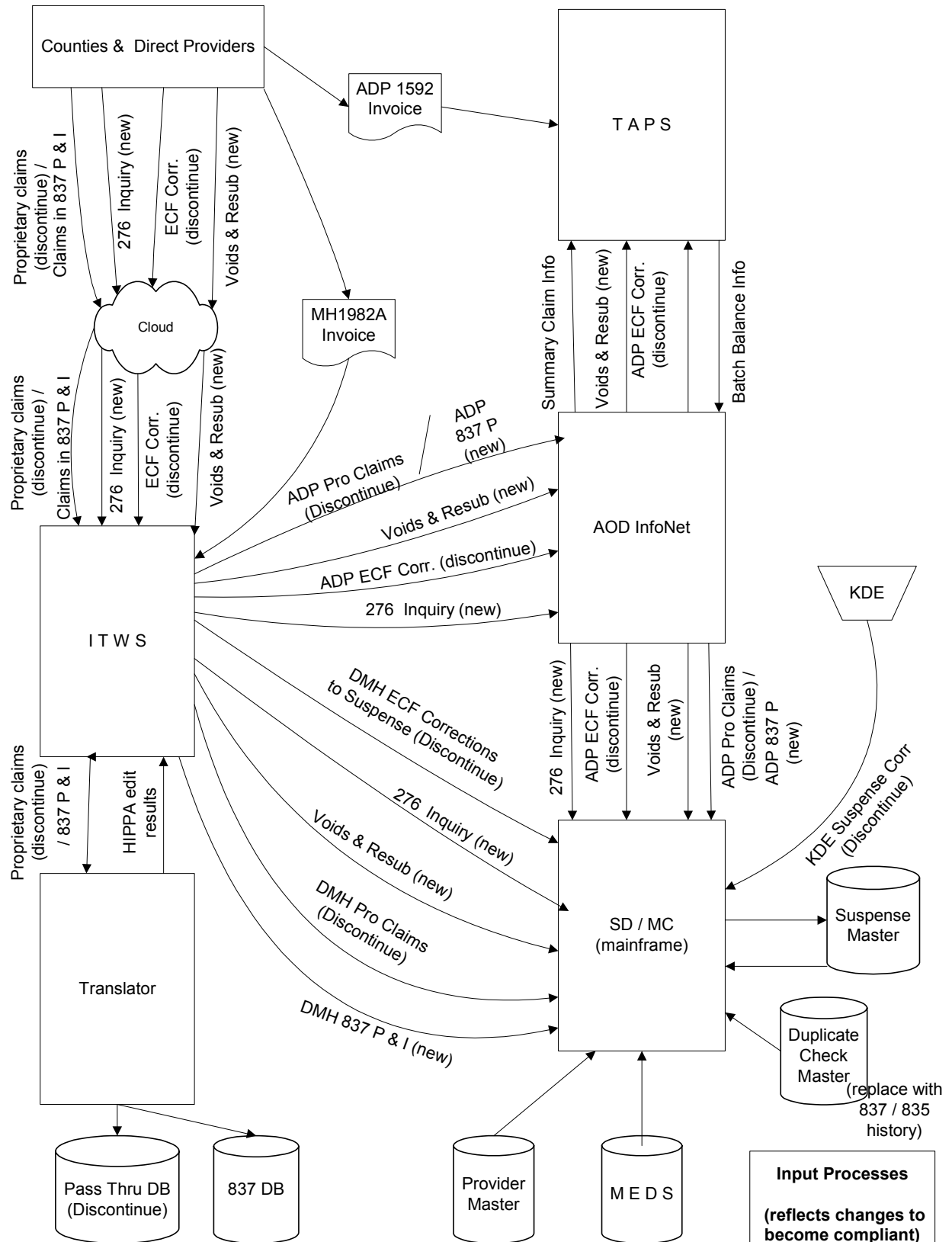


8. Logical Processing and Data Flow Diagrams

The following flows are also presented in the Gap Analysis and Requirements - Technical Requirements document. They are meant to illustrate a logical processing flow and not to reflect any recommended solution.

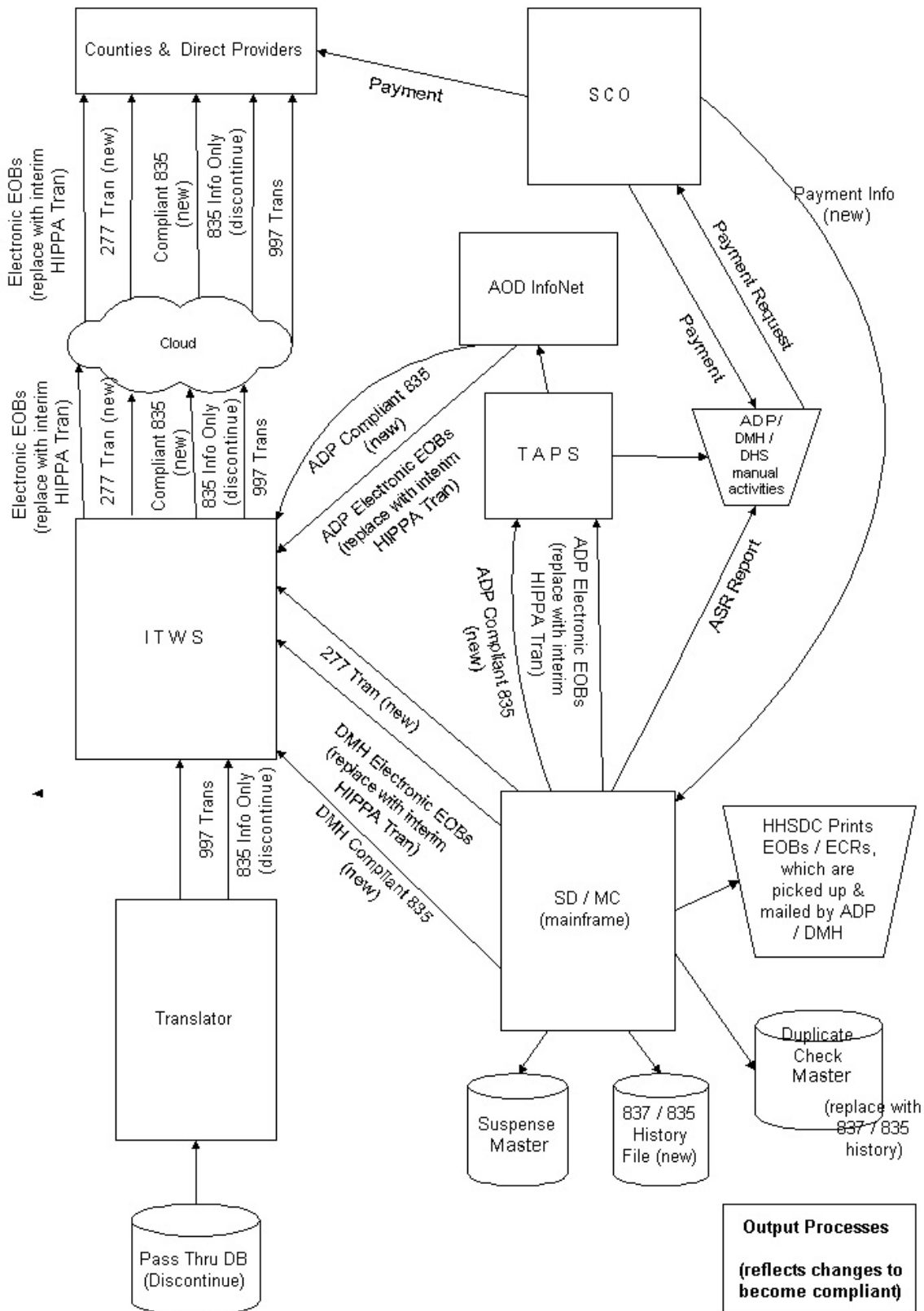


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APPENDIX: Requirements

Table A: Current Requirements Compatible with HIPAA

Current Requirements Compatible with HIPAA								
ID	Description	Gap/Issue	Txn	HIPAA M or O	Business Process	System (Owner)	Short- Term Staffing	Long-Term Staffing
T108 (A1)	Accept claims and encounter data from counties and direct providers.	37 counties (interact with the system, i.e. provide claims data. There are about an equal number of Direct Providers (Should combine with DMH to get full number of trading partners.)	837I 837P	O	10	DHS and county / provider systems	Non-permanent staffing to assist in performing revisions, including working with business experts.	Staffing models organized around the proprietary process would need to shift to HIPAA claims processes as appropriate.
T114	In a clinic environment, ADP uses the clinician's initials to look for such things as billing 30-hour days	The counselor's initials are currently extracted from an 837 NM1 segment in Phase I. This can continue or IDs could be assigned.	837I 837P	O	10	ADP	Non-permanent staffing will likely be needed to support design, development, testing of and implementation of such logic.	Permanent staffing would be needed to determine the appropriate criteria and to monitor the application of the edits.



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Current Requirements Compatible with HIPAA								
ID	Description	Gap/Issue	Txn	HIPAA M or O	Business Process	System (Owner)	Short- Term Staffing	Long-Term Staffing
T117	Counties may choose to receive Approve & Deny, with no Suspend.	HIPAA expects claims to Approve & Deny however it does allow suspense in certain situations	835	O	18, 19, 20, 21, 22, 23, 26, 27		Non-permanent staffing needed to support design, development, and implementation.	Likely reduction in staff related to suspense process
T119 (C1)	Notify trading partners of suspended claims.	There is no HIPAA mandated mechanism for notifying the provider of a suspended claim. The current process can continue or can be modified into a different process if agreeable with trading partners	277	O	18, 19, 20, 21, 22, 23, 26, 27		Minimal change from current	Minimal change from current



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Current Requirements Compatible with HIPAA								
ID	Description	Gap/Issue	Txn	HIPAA M or O	Business Process	System (Owner)	Short- Term Staffing	Long-Term Staffing
T1AA (E1)	It is critical that the control numbers the provider places on the 837 be returned on the 835. These control numbers are also be used to locate the claim in the 276/277 process.	HIPAA permits the submitter to include tracking number that must be returned on outbound transactions.	837I 837P 835 276 277	M	10, 23, 35	DHS	Non-permanent staffing will likely be needed to support design, development, testing of and implementation of such logic.	Minimal long term staffing changes
A2	Phone calls regarding status of claims	This business function relates to the named 276/277 transaction and therefore must be able to be conducted in the standard format	276 277	M	35	DMH ADP	Non-permanent staffing needed to support design, development, and implementation	Permanent IT staffing would be needed to maintain the transaction processes.



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Current Requirements Compatible with HIPAA								
ID	Description	Gap/Issue	Txn	HIPAA M or O	Business Process	System (Owner)	Short-Term Staffing	Long-Term Staffing
A3	Sending information related to the approval of claims for payment	This business function is required. The current transaction is not HIPAA compliant without payment information and without balancing	835	M	23	DHS	Non-permanent staffing may be needed to establish the process.	Permanent staffing required that can monitor, maintain and update the validation process, as well as consult with business experts as necessary
A4	When counties are overpaid, subsequent payments are withheld for recovery	This is allowable with the full use of the 835	835	M	23	DMH ADP DHS	Non-permanent staffing may be needed to establish the process.	Permanent staff would need to monitor and maintain the process.
A5	The appropriate Federal Financial Participation level must be determined based on patient eligibility, the type of service, and the date of payment (or acceptable alternate).	This can be addressed with internal processing rules	271 837I 837P 835	M	2, 10, 23	DHS	Non-permanent staffing will likely be needed to support design, development, and implementation of such logic.	Minimal permanent staffing changes required to monitor new data element editing.


Table B: Current Requirements in Conflict with HIPAA

Current Requirements in Conflict with HIPAA								
ID	Description	Gap/Issue	Txn	HIPAA M or O	Business Process	System (Owner)	Short-Term Staffing	Long-Term Staffing
T201 (D16)	All monies collected, including SOC and encumbered SOC, must be reported in the 837. They may be reported at either the claim or line level but need to be claim specific.	SOC, TPL and allowances happen but are not reported on a claim level. Any monies they collect are reported on the invoice.	837I 837P	M	10	DHS	Non-permanent staffing will likely be needed to support design, development, and implementation of such logic.	Minimal permanent staffing changes required to monitor new data element editing.
T202 (B5)	Only HIPAA codes are compliant. Diagnosis must be in the ICD-9 code list	ADP uses a variety of code structures for diagnosis.	837I 837P 835 276 277	M	3, 4, 5, 9, 10, 14, 23, 35	DHS	Non-permanent staffing to assist in creation or installation of change cycle routines and to support design, development, and implementation.	Depending on the expanded amount of data processing logic that results, non-technical permanent staffing increases may be necessary for support.
T204 (B6)	Other payers are to be reported in the claim when known.	DMH does not receive information on other payers. There is no way for DMH to know that it is the final payer if no information regarding other payers has been submitted.	837I 837P	M	7, 9, 10, 14,	DHS	Non permanent staff required to develop new functionality to adjust processing and pricing based on COB sent by a provider	May be sufficiently complex, along with payer-to-payer COB, to necessitate permanent staffing dedicated to this process.



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Current Requirements in Conflict with HIPAA								
ID	Description	Gap/Issue	Txn	HIPAA M or O	Business Process	System (Owner)	Short-Term Staffing	Long-Term Staffing
T208 (F6, B1)	Produce two EOB files after adjudication. One is forwarded to ITWS and the other is used to create the ASRs	HIPAA mandates the use of the 835, if it is returned to a provider. An EOB file may be produced for internal use, as long as a compliant 835 is returned as the only explanation of the payment.	835	M	20, 21, 23, 26, 27	DHS	Non-permanent staffing will likely be needed to support design, development, and implementation of the 835.	Minimal staffing changes required once the 835 is implemented and to maintain the EOB as internal files.
T209	The system must recognize the 837P and the 837I (DMH Only).	The SD/MC (MSD) process passes a two byte field (formerly unused in the 157 and 350 byte records) to determine that an 837P transaction was originally received and therefore requires an 835 response	837I 837P	M	10	DHS	Non-permanent staffing to assist in performing revisions, including working with business experts.	Depending on the expanded amount of data processing logic that results, permanent staffing increases may be necessary for support.
T210 (E20)	A provider may request a paper EOB but its data must resemble the 835 so that no incentive is given to providers to request paper over electronic.	Counties may receive electronic EOBs; paper EOBs; or both, depending upon county request (which is set in a table).	835	M	22, 23	DHS	Staffing models organized around the proprietary process would need to shift to HIPAA claims processes as appropriate.	Staffing models organized around the proprietary process would need to shift to HIPAA claims processes as appropriate.



SD/MC HIPAA Phase II Project – Gap Analysis and Requirements – Integrated Requirements

Current Requirements in Conflict with HIPAA								
ID	Description	Gap/Issue	Txn	HIPAA M or O	Business Process	System (Owner)	Short-Term Staffing	Long-Term Staffing
T213 (B9, D9)	The system needs an electronic method of claim status / response that is HIPAA compliant.	Requires implementation of compliant 276 / 277 transactions	276 277	M	35	ADP, DHS, DMH	Non-permanent staffing needed to support design, development, and implementation.	Permanent staff would need to monitor and maintain the process.
T214	ADP needs to use the compliant 835	ADP is processing claims for services that have already been delivered to patients (the use of the 835 notification only--basically noncompliant--could be done between ADP and the county if the county were a health plan, not a provider)	835	M	21	ADP, DHS	Non-permanent staffing needed to support design, development, and implementation.	Permanent staff would need to monitor and maintain the process.
T215	The 835 is designated for use with finalized claims – paid or denied	Suspended claims should not be on the 835 that is returned to the provider	835	M	18, 21, 23	DHS	Non-permanent staffing needed to support design, development, and implementation.	Permanent staff would need to monitor and maintain the process.



SD/MC HIPAA Phase II Project – Gap Analysis and Requirements – Integrated Requirements

Current Requirements in Conflict with HIPAA								
ID	Description	Gap/Issue	Txn	HIPAA M or O	Business Process	System (Owner)	Short-Term Staffing	Long-Term Staffing
T217 (E25)	The 835 Implementation Guide notes that in the case of a paper check, the check number should be used as the Reassociation Trace Number.	The 835 carries all the information regarding claims associated with the check payment.	835	M	23	DHS	Non-permanent staffing may be needed to establish the process.	Permanent staff would need to monitor and maintain the process.
T218 (D5)	The system must capture and store links to locate a claim in order to report the status	The 276 Transaction allows the requestor to request information at the claim level or the service line level. It allows a requestor, who does not know the claim number, to provide related information (e.g., beneficiary ID, Date of Service, Procedure Code) so that the payer can find the claim that meets the search criteria and provide status via the 277	276 277	M	35	DHS	Non-permanent staffing will likely be needed to support design, development, testing of and implementation of such logic.	Permanent staff would need to monitor and maintain the process.



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Current Requirements in Conflict with HIPAA								
ID	Description	Gap/Issue	Txn	HIPAA M or O	Business Process	System (Owner)	Short-Term Staffing	Long-Term Staffing
T219	ADP requests that transactions of claims submitted in the 837P format, contain the program code (20 or 25) within the transaction.	Program Code is not a HIPAA data element. In the future this information will need to be derived from other HIPAA data.	837I 837P	M	10	DHS	Non-permanent staffing will likely be needed to support design, development, testing of and implementation of such logic.	Staffing models organized around the proprietary process would need to shift to HIPAA claims processes as appropriate.
T221 (D6)	If eligibility is found, the MEDS ID, Client Index Number (CIN), Beneficiary Identification Card (BIC) Issue Date, Health Insurance Claim (HIC) Number, Date of Birth month and year, Buy-In Part B Effective Date, Aid Code, and County Code are added to the claim information	Much of this information must be submitted within the HIPAA compliant claim. Non-HIPAA data may not be returned on an outgoing transaction	837I 837P	M	10	DHS County	Non-permanent staffing to assist in performing revisions, including working with business experts	Minimal permanent staffing changes expected
T222	Claims are suspended if there is no appropriate Medical or Healthy Families eligibility for the Date of Service.	These claims should be denied to support HIPAA-compliant processing (i.e., 835, voids and resubmissions)	835	M	18, 19, 20, 21, 23	DHS	Non-permanent staffing will likely be needed to support design, development, testing of and implementation	Staffing models organized around the correction process would need to shift to HIPAA claims processes as appropriate.



SD/MC HIPAA Phase II Project – Gap Analysis and Requirements – Integrated Requirements

Current Requirements in Conflict with HIPAA								
ID	Description	Gap/Issue	Txn	HIPAA M or O	Business Process	System (Owner)	Short-Term Staffing	Long-Term Staffing
T223	SD/MC processes for counties is the same as for Direct Providers	May be in conflict depending on how counties are defined	837I 837P 835 276 277	M	7, 8, 9, 10, 18, 20, 21, 23, 35	DHS	No change to short term staffing	No change to long term staffing
T224	Payment information in reported electronic format may have to be replaced by the 835.	The Reporting process generates the SD/MC reports, including Approved Claims, Error Correction, Duplicate Error Correction, Provider, and Expenditures. Reports are created in hard copy, fiche, and electronic formats.	835	M	18, 20, 21, 23, 24	DHS	Non-permanent staffing will be needed to support design, development, testing of and implementation	Staffing models organized around the correction process would need to shift to HIPAA claims processes as appropriate.
T225 (E2)	ECRs that are processed in response to electronic submissions must be changed to HIPAA transactions (837 voids and resubmissions)	Suspended claims are corrected by filling out ECRs or ECFs	835	M	18, 23	DHS	Non-permanent staffing will be needed to support design, development, testing of and implementation	Staffing models organized around the correction process would need to shift to HIPAA claims processes as appropriate.



SD/MC HIPAA Phase II Project – Gap Analysis and Requirements – Integrated Requirements

Current Requirements in Conflict with HIPAA								
ID	Description	Gap/Issue	Txn	HIPAA M or O	Business Process	System (Owner)	Short-Term Staffing	Long-Term Staffing
T229 (B10, C3, C4)	Use 837P HIPAA Service Code Structure (Procedure code, Units of Measure, Procedure Modifiers 1 - 4, Place of Service, Taxonomy Code) instead of SD/MC Claims Service Codes (Mode of Service, Service Function, Service Description)	SD/MC uses codes that are non-compliant	837P	M	10	DHS	Non-permanent staffing to assist in performing revisions, including working with business experts.	Depending on the expanded amount of data processing logic that results, permanent staffing increases may be necessary for support.
T230 (B10, C3, C4)	Use 837I HIPAA Service Code Structure (Revenue Code, Units of Measure, Procedure code, Procedure Modifiers 1 - 4) instead of SD/MC Claims Service Codes (Mode of Service, Service Function, Service Description)	SD/MC uses codes that are non-compliant	837I	M	10	DHS	Non-permanent staffing to assist in performing revisions, including working with business experts.	Depending on the expanded amount of data processing logic that results, permanent staffing increases may be necessary for support.



SD/MC HIPAA Phase II Project – Gap Analysis and Requirements – Integrated Requirements

Current Requirements in Conflict with HIPAA								
ID	Description	Gap/Issue	Txn	HIPAA M or O	Business Process	System (Owner)	Short-Term Staffing	Long-Term Staffing
T231	Replace the SD/MC values with 837P / 837I values: Crossover Indicator; Late Billing Override; Claim Adjudication Type; Error Codes; Third Party Liability (TPL)	SD/MC uses codes that are non-compliant	837I 837P	M	10	DHS	Non-permanent staffing to assist in performing revisions, including working with business experts.	Depending on the expanded amount of data processing logic that results, permanent staffing increases may be necessary for support.
T236 (B10)	The system must accept and process only HIPAA compliant procedure codes, i.e. HCPCS, CPT, and ICD-9 diagnosis codes.	ADP procedure reporting requirements are non compliant	837I 837P	M	10	DHS	Non-permanent staffing to assist in performing revisions, including working with business experts.	Depending on the expanded amount of data processing logic that results, permanent staffing increases may be necessary for support.
T2AA	Claims are suspended if the recipient has Medicare or other health coverage	Claims should be received with other payer info completed. If the other party has not been billed, the claim should deny with code relating to payment by other payer.	837I 837P	M	10	DHS	Non-permanent staffing will likely be needed to support design, development, and implementation of such logic.	May be sufficiently complex, along with payer-to-payer COB, to necessitate permanent staffing dedicated to this process.



SD/MC HIPAA Phase II Project – Gap Analysis and Requirements – Integrated Requirements

Current Requirements in Conflict with HIPAA								
ID	Description	Gap/Issue	Txn	HIPAA M or O	Business Process	System (Owner)	Short-Term Staffing	Long-Term Staffing
B2	The ECR process must be changed to exclude the proprietary mechanism to send corrected claims	Requests for payment can be voided, corrected and resubmitted in a HIPAA-compliant format, therefore, the current process is non-compliant if conducted electronically	837I 837P	M	24, 10	DHS	Non-permanent staffing to assist in performing revisions	Staffing models organized around the correction process would need to shift to HIPAA claims processes as appropriate.
B3	Race and ethnicity codes can be used internally, but cannot be returned on any outbound transaction	Race and Ethnicity Codes do not appear on any HIPAA transactions in scope of this assessment	834	NA	23	DHS	Non-permanent staffing may be used to generate reports to counties	No change to permanent staff expected
B7	Rendering provider information must be recognized from the 837 information	Rendering provider information is not captured except for ADP counselor's initials	837P	O	10	DMH ADP	Non-permanent staffing will likely be needed to support design, development, and implementation of such logic.	Limited change to long term staffing

**Table C: New Requirements for HIPAA Compliance**

New Requirements for HIPAA Compliance								
ID	Description	Gap/Issue	Txn	HIPAA M or O	Business Process	System (Owner)	Short-Term Staffing	Long-Term Staffing
T301 (F17)	Provide the ability to back-out or nullify claims that were previously approved. To be compliant, the system must handle voids and resubmissions with revised data content.	The current correction process (ECR) is not HIPAA compliant	837I 837P	M	10	DHS	Non-permanent staffing will be needed to support design, development, and implementation of such logic.	Staffing models organized around the correction process would need to shift to HIPAA claims processes as appropriate.
T303 (D1)	ADP and DMH would like rendering provider info, rendering provider info is required on the 837 if applicable	ADP captures counselor's initials only; DMH receives no rendering provider information.	837I 837 P	M	10	DHS	Non-permanent staffing will likely be needed to support design, development, testing of and implementation of such logic.	Permanent staff would need to monitor and maintain the process



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New Requirements for HIPAA Compliance								
ID	Description	Gap/Issue	Txn	HIPAA M or O	Business Process	System (Owner)	Short- Term Staffing	Long-Term Staffing
T306 (F2)	DMH must utilize the Transactions Standards including: 837I/ 837P, 276/277 & 835	DMH does not utilize the 276/277, and the 837I and 835 are not fully compliant.	837I 837P 835 276 277	M	10,23, 35	DHS	Non-permanent staffing to support design, development, testing of and implementation, including working with business experts.	Depending on the expanded amount of data processing logic that results, permanent staffing increases may be necessary for support.
T309	The system needs to manage the maximum number of claims with out a run time impact. System needs to be sized so that projected volumes have no impact.	200,000 to 600,000 DMH claims are processed per cutoff period. This is not a gap, but is a benchmark for processing requirements	837I 837P 835	M	10, 23	DHS	Non-permanent staffing to assist in performing revisions, including working with business experts.	Depending on the expanded amount of data processing logic that results, permanent staffing increases may be necessary for support.



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New Requirements for HIPAA Compliance								
ID	Description	Gap/Issue	Txn	HIPAA M or O	Business Process	System (Owner)	Short- Term Staffing	Long-Term Staffing
T311	The total adjusted approved amounts are required to be returned in the 835 at the service line and claim levels.	Any service lines that are not denied or suspended are input to the reporting process, which uses the DMH and ADP rate tables to determine the Total Approved Adjusted Amount. There is no mechanism to report at the HIPAA claim level.	835	M	23	DMH ADP	Non-permanent staffing will likely be needed to support design, development, and implementation and to establish the process.	Permanent staff would need to monitor and maintain the process
T313	SDMC needs to handle all incoming and outgoing data as well as the maintenance and accessibility of 6 years worth of adjudication and payment data.	EOB information in tables may be deleted, if space becomes tight but this is user directed. Not all of the EOB data is loaded to TAPS, ADP's data repository.	837I 837P 835	M	10, 23	DHS	Non-permanent staffing needed to support design, development, and implementation.	New staffing model needed to support such an application



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New Requirements for HIPAA Compliance								
ID	Description	Gap/Issue	Txn	HIPAA M or O	Business Process	System (Owner)	Short- Term Staffing	Long-Term Staffing
T315 (E27)	HIPAA Compliance requires shared info to be in standard transactions, such as the 276 / 277	The State has a stand-alone claim process and the Counties would like access to the claim information that is stored there	276 277	M	35	DHS County	Non-permanent staffing needed to support design, development, and implementation	Permanent staff would need to monitor and maintain the process
T318	Diagnosis must be submitted in the 837	ADP reports getting a diagnosis for each client is an issue	837I 837P	M	10	DHS	Non-permanent staffing to assist in performing revisions, including working with business experts	Depending on the expanded amount of data processing logic that results, permanent staffing increases may be necessary for support.



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New Requirements for HIPAA Compliance								
ID	Description	Gap/Issue	Txn	HIPAA M or O	Business Process	System (Owner)	Short- Term Staffing	Long-Term Staffing
T319	DMH would like a more sophisticated system for Lockout. Time of day could help	The 837I allows entry of Time of day for admissions and discharges, but SD/MC cannot use such data	837I 837P	M	10	DHS	Non-permanent staffing will likely be needed to support design, development, testing of and implementation of such logic.	Permanent staffing would be needed to determine the appropriate criteria and to monitor the application of the edits.
T320	Need to be able to track units of service and date of service, which are HIPAA data elements.	SD/MC does not adjust units of service during adjudication.	837I 837P	M	10	DHS	Non-permanent staffing will likely be needed to support design, development, testing of and implementation of such logic.	Permanent staffing would be needed to determine the appropriate criteria and to monitor the application of the edits.



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New Requirements for HIPAA Compliance								
ID	Description	Gap/Issue	Txn	HIPAA M or O	Business Process	System (Owner)	Short-Term Staffing	Long-Term Staffing
T323 (F16)	It is desirable that the system support the state/non-federal payments made to counties.	SD/MC may need to implement the HIPAA Compliant 820 to address state/non-federal payments.	835 820	M	23, 29	DHS	Non-permanent staffing needed to support design, development, and implementation.	Existing accounting staffing models may need slight modification. If it is determined an 820 transaction is needed, additional permanent staffing may be appropriate.
T324 (F4)	HIPAA Compliance requires that county generated claim & line ID be received, stored and reported; it would also help in the reconciliation process.	HIPAA line ID can be stored in current record layout, but claim ID cannot.	873I 837P	M	10	DHS	Non-permanent staffing to assist in performing revisions.	Staffing to manage and monitor the transmission process would be necessary.
T327 (A4)	HIPAA requires that an 835 be sent when payments are entirely offset	Nothing is sent out when payments are entirely offset	835	M	23	DHS ADP DMH	Non-permanent staffing needed to support design, development, and implementation.	Permanent staff would need to monitor and maintain the process.



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New Requirements for HIPAA Compliance								
ID	Description	Gap/Issue	Txn	HIPAA M or O	Business Process	System (Owner)	Short-Term Staffing	Long-Term Staffing
T329	HIPAA Compliant 835 reports Paid and Denied claims	The proprietary EOB is currently relied upon to track paid and denied claims	835	M	23	DHS	Non-permanent staffing needed to support design, development, and implementation.	Permanent staff would need to monitor and maintain the process.
T333	The resubmittal must not restart the clock from the denied record	Voids and resubmissions are covered under HIPAA and are required for HIPAA compliance. SD/MC does not support this process	837I 837P	M	10	DHS	Non-permanent staffing needed to support design, development, and implementation.	Permanent staff would need to monitor and maintain the process.
T335 (D11)	The ability to use multiple diagnoses would be useful. HIPAA provides for the reporting of multiple diagnoses	SD/MC can only handle one diagnosis code per service line	837I 837P	O	10	DHS	Non-permanent staffing to assist in performing revisions, including working with business experts	Depending on the expanded amount of data processing logic that results, permanent staffing increases may be necessary for support.



SD/MC HIPAA Phase II Project – Gap Analysis and Requirements – Integrated Requirements

New Requirements for HIPAA Compliance								
ID	Description	Gap/Issue	Txn	HIPAA M or O	Business Process	System (Owner)	Short-Term Staffing	Long-Term Staffing
T337 (D18)	Provider-to-payer COB is also needed. At least one county is set up to not bill Medi-Cal for clients with dual eligibility until the Medicare EOBs are received	HIPAA enables provider to payer COB	837I 837P	O	10	DHS County	Non-permanent staffing will likely be needed to support design, development, and implementation of such logic.	May be sufficiently complex, along with payer-to-payer COB, to necessitate permanent staffing dedicated to this process.
T342	Data elements required by the Implementation Guides (IGs), but not used by DMH, must be completed with a valid value to avoid compliance errors	No gap in Phase I, but SD/MC is otherwise unable to validate all IG data elements.	837I 837P	M	10	County	Non-permanent staffing to assist in performing revisions, including working with business experts.	Permanent staffing required that can monitor, maintain and update the validation process, as well as consult with business experts as necessary.



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New Requirements for HIPAA Compliance								
ID	Description	Gap/Issue	Txn	HIPAA M or O	Business Process	System (Owner)	Short-Term Staffing	Long-Term Staffing
T344	System must receive full-length elements. Can be truncated within the system but must be returned with full length data elements	Data elements with lengths greater than SD/MC definitions are truncated	837I 837P 276	M	10, 35	DHS	Non-permanent staffing to assist in performing revisions, including working with business experts.	Minimal permanent staffing changes required
T346	System must accept more than one SV2 segment and must figure out how to split the claim internally if it cannot process	Only one SV2 segment is accepted per CLM segment in Phase I. This is necessary to support a unique SD/MC Claim ID for each service line on an 837I	837I 837P	M	10	DHS	Non-permanent staffing to assist in performing revisions, including working with business experts.	Depending on the expanded amount of data processing logic that results, permanent staffing increases may be necessary for support.
T347	Must be sure that data coming back can be audited. All HIPAA data must be retrievable for internal use.	Current auditing capabilities are limited.	837I 837P	M	10, 23, 35	DHS DMH ADP	Non-permanent staffing may be required to establish audit processes	Permanent staffing required that can monitor, maintain and update the validation process, as well as consult with business experts as necessary.



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New Requirements for HIPAA Compliance								
ID	Description	Gap/Issue	Txn	HIPAA M or O	Business Process	System (Owner)	Short- Term Staffing	Long-Term Staffing
T353 (F2)	The system must be able to receive and process the required HIPAA transactions, e.g. 837 I, 837P, and 276 as well as three versions of each transaction, the previous version (once a new version is named), the current version, and a future version in testing.	SD/MC cannot discern various types of transactions	837I 837P 276	M	10, 35	DHS	Non-permanent staffing needed to support design, development, and implementation.	Depending on the expanded amount of data processing logic that results, permanent staffing increases may be necessary for support.
T354 (F3)	The system must determine which program is the responsible payer as well as unique characteristics of the payment method, e.g. DMH paying for EPSDT services differentiated from ADP paying for Drug Medi-Cal Services.	SD/MC can only determine the payer by manually labeling batches	837I 837P	M	10	DHS	Non-permanent staffing needed to support design, development, and implementation of such logic.	Depending on the expanded amount of data processing logic that results, permanent staffing increases may be necessary for support.



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New Requirements for HIPAA Compliance								
ID	Description	Gap/Issue	Txn	HIPAA M or O	Business Process	System (Owner)	Short-Term Staffing	Long-Term Staffing
T3AA (D9)	Dates such as admission date are required when admissions occur.	Admit and discharge dates can be captured on ADP claims, but are not required.	837I 837P	M	7, 9, 10, 14	DHS	Non-permanent staffing will likely be needed to support design, development, and implementation of such logic.	Minimal permanent staffing changes required to monitor new data element editing.
T3AB	Updating of diagnostic & procedure codes must occur at HIPAA frequencies, at least quarterly. Run Logs are used by DHS/ITSD Data Guidance Unit to balance program inputs and outputs	User Maintenance consists of manual updates to tables and information used by the SD/MC system including: Federal Share Rates; Diagnostic Codes; Provider Master File; Cutoff Dates; HFP Hold Days; Rate Tables; Run Log	NA	M	NA	DHS	Non-permanent staffing to assist in creation or installation of change cycle routines.	Create change cycle staffing model with assignment to permanent staffing. Assumes business experts on HIPAA codes currently exist.



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New Requirements for HIPAA Compliance								
ID	Description	Gap/Issue	Txn	HIPAA M or O	Business Process	System (Owner)	Short-Term Staffing	Long-Term Staffing
T3AD (C11)	System needs to execute in a manner that does not have an adverse impact on payment when processing HIPAA transactions versus other transactions.	SD/MC claim adjudication is executed four times a month with ADP / DMH input. This is not a gap, but a benchmark for future processing requirements.	NA	NA	14	DHS	No change required for this, but more frequent adjudication may be desired	Staffing models organized around the proprietary process would need to shift to HIPAA claims processes as appropriate.
T3AE	SOC data can be used to adjust claims as appropriate.	HIPAA provides for reporting collected monies. SD/MC should recognize the amount collected on the claim and adjust the approved amount accordingly.	837I 837P 270	M	1, 2, 10	DHS EDS	Non-permanent staffing will likely be needed to support design, development, and implementation of such logic.	Permanent staff would need to monitor and maintain the process.



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New Requirements for HIPAA Compliance								
ID	Description	Gap/Issue	Txn	HIPAA M or O	Business Process	System (Owner)	Short-Term Staffing	Long-Term Staffing
T3AF	Establish a SCO interface to receive payment information, i.e. check amount and warrant number, required in compliant 835 transactions.	'Information Only' 835 transactions are sent in response to electronic payment requests.	835	M	28	DHS SCO	Non-permanent staffing needed to support design, development, and implementation of SDMC process and SCO interface	Staffing models organized around the proprietary process would need to shift to HIPAA claims processes as appropriate. May need support modification at SCO as well
D2	California service delivery may require that unlicensed providers be supervised by licensed providers and the system must recognize the supervising provider	There is no way to determine the supervising provider	837I 837P	O	10	DHS DMH ADP	Non-permanent staffing to assist in performing revisions.	Permanent staff to monitor the process
D3	System must be able to recognize the presence of attachments	No way to determine if additional documents are attached to the claim	837I 837P	M	10, 13	DHS	Non-permanent staffing needed to support design, development, and implementation.	Permanent staff to manage current paper attachments until EDI attachment standard named



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New Requirements for HIPAA Compliance								
ID	Description	Gap/Issue	Txn	HIPAA M or O	Business Process	System (Owner)	Short-Term Staffing	Long-Term Staffing
D4	Bundling and unbundling must be accounted for in return transactions along with how payment was determined	Both ADP and DMH bundle and unbundle claims (pay a global rate when services may be billed separately)	837I 837P 835	M	10, 23	DHS	Non-permanent staffing needed to support design, development, and implementation.	Permanent staffing would be needed to determine the appropriate criteria and to monitor the application of the edits.
D6	The system must determine what patient identifiers should be sent in the transactions and notify trading partners of those requirements in companion documents.	Current patient identifiers are not standardized	837I 837P	M	10	DHS	Non-permanent staffing needed to support design, development, and implementation	Minimal permanent staffing changes necessary
D7	If counties are determined to be providers, then DDE applications must be compliant with data content of HIPAA transactions.	DDE applications between counties and ADP or DMH are not compliant	837I 837P 835 276 277	M	10, 23, 35	DMH ADP	Non-permanent staffing needed to support design, development, and implementation.	Possible permanent staffing required to maintain DDE applications and serve as help desk



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New Requirements for HIPAA Compliance								
ID	Description	Gap/Issue	Txn	HIPAA M or O	Business Process	System (Owner)	Short-Term Staffing	Long-Term Staffing
D8	The system may be required to conduct an 820 premium payment transaction for these SGF payments.	SGF payments to counties may meet the definition of premium payments if the county is a health plan.	820	M	29	DHS	Non-permanent staffing needed to support design, development, and implementation.	Existing accounting staffing models may need slight modification. If it is determined an 820 transaction is needed, additional permanent staffing may be appropriate.
D13	HIPAA does allow for the inclusion of some override indicators. The system must determine if those indicators are sufficient, in conjunction with other claim data, to force payment of the claim	Some claims are forced due to use of the override codes, which may be placed somewhat arbitrarily	837I 837P	M	10	DHS	Non-permanent staffing will likely be needed to support design, development, testing of and implementation of such logic.	Permanent staffing would be needed to determine the appropriate criteria and to monitor the application of the edits.



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New Requirements for HIPAA Compliance								
ID	Description	Gap/Issue	Txn	HIPAA M or O	Business Process	System (Owner)	Short- Term Staffing	Long-Term Staffing
D15	Total amount billed is required data field of the 837 claims	Need a better way to determine the dollar amount of the claim	837I 837P	M	10	DHS	Non-permanent staffing needed to support design, development, and implementation.	Minimal permanent staffing required to maintain the 835 process
D16	Counties need to have information on clients seeking services outside the county. The beginning process is an eligibility inquiry on each client. This can return valuable information regarding the benefits available and the permanent address of the client for tracking purposes	Want a better way to share information between counties.	837I 837P 270	M	1, 10	Counties EDS	Non-permanent staffing required to improve links and usage of 270/271 transaction	Ongoing permanent staff required at county level to manage eligibility inquiry and response



SD/MC HIPAA Phase II Project – Gap Analysis and Requirements – Integrated Requirements

New Requirements for HIPAA Compliance								
ID	Description	Gap/Issue	Txn	HIPAA M or O	Business Process	System (Owner)	Short-Term Staffing	Long-Term Staffing
D20	The system must recognize and appropriately process qualifiers	No way to determine the qualifiers for other data elements, such as units, identifiers, etc.	837I 837P 276	M	10, 35	DHS	Non-permanent staffing to assist in performing revisions, including working with business experts.	Permanent staff would need to monitor and maintain the process.
F1	The system must receive envelopes of transactions, which it must be able to identify, open, and sort the functional groups inside without human intervention.	HIPAA transactions are only identifiable by manually labeling batches	837I 837P 276	M	10,35	DHS	Non-permanent staffing to assist in performing revisions, including working with business experts.	Permanent Staffing required that can monitor, maintain and update the validation process, as well as consult with business experts as necessary
F5	The system must open the envelope and determine the entity sending the transaction and the entity to which payments should be sent.	SD/MC only recognizes the billing county or provider by means of manually labeling batches from that provider	837I 837P	M	10, 23	DHS	Non-permanent staffing to assist in performing revisions, including working with business experts.	Staffing models organized around the proprietary process would need to shift to HIPAA claims processes as appropriate.



SD/MC HIPAA Phase II Project – Gap Analysis and Requirements – Integrated Requirements

New Requirements for HIPAA Compliance								
ID	Description	Gap/Issue	Txn	HIPAA M or O	Business Process	System (Owner)	Short-Term Staffing	Long-Term Staffing
F7	The system must recognize compliant codes and allow them into the system. There is no requirement to use such codes in adjudication, but the system must not reject transactions that contain compliant codes.	SD/MC does not recognize compliant codes that can be included in a transaction	837I 837P 276	M	10,35	DHS	Non-permanent staffing to assist in creation or installation of change cycle routines.	Create change cycle staffing model with assignment to permanent staffing. Assumes business experts on HIPAA codes currently exist.
F8	The system must recognize loop location and qualifiers to determine field values	SD/MC uses field location to determine values	837I 837P 276	M	10, 35	DHS	Non-permanent staffing to assist in performing revisions, including working with business experts.	Staffing models organized around the proprietary process would need to shift to HIPAA claims processes as appropriate.
F9	The system must be able to manage hierarchical levels, looping structure, and the presence or absence of sub-loops to process adjudication	SD/MC uses field location to determine payment logic	837I 837P 276	M	10, 35	DHS	Non-permanent staffing to assist in performing revisions, including working with business experts.	Permanent staff would need to monitor and maintain the process.



SD/MC HIPAA Phase II Project – Gap Analysis and Requirements – Integrated Requirements

New Requirements for HIPAA Compliance								
ID	Description	Gap/Issue	Txn	HIPAA M or O	Business Process	System (Owner)	Short- Term Staffing	Long-Term Staffing
F10	The system must be able to manage multiple tables of information that will change regularly, such as procedure code lists that will change quarterly, and diagnosis codes that change at least annually. The system must also recognize origination dates and sunset dates of tabular information.	SD/MC uses hard coded values in processing	837I 837P 276	M	10, 35	DHS	Non-permanent staffing to assist in performing revisions, including working with business experts.	Create change cycle staffing model with assignment to permanent staffing. Assumes business experts on HIPAA codes currently exist.
F11	Almost all dates and date ranges in HIPAA transactions are in the CCYYMMDD format.	SD/MC dates are not Y2K compliant	837I 837P 276	M	10, 35	DHS	Non-permanent staffing to assist in performing revisions, including working with business experts.	Permanent staff would need to monitor and maintain the process.



SD/MC HIPAA Phase II Project – Gap Analysis and Requirements – Integrated Requirements

New Requirements for HIPAA Compliance								
ID	Description	Gap/Issue	Txn	HIPAA M or O	Business Process	System (Owner)	Short- Term Staffing	Long-Term Staffing
F12	The system must be able to associate transaction versions and code set versions with dates of service and dates of submission. The transaction version must be compliant with the date of submission while the code set version must be compliant with the date of service	Transactions rely on only one set of procedure codes	837I 837P 276	M	10, 35	DHS	Non-permanent staffing to assist in creation or installation of change cycle routines.	Create change cycle staffing model with assignment to permanent staffing. Assumes business experts on HIPAA codes currently exist.
F13	Covered entities must produce claim adjudication and payment information to the patient if requested to do so. The information must be in a format that the client can understand. Information must be available in 5 days. All data from claims or adjudication must be available for this type of processing	Claim related information exists in various systems and many formats	837I 837P 835	M	10, 23	DMH ADP	Non-permanent staffing to assist in performing revisions, including working with business experts.	New staffing model needed to support such an application



SD/MC HIPAA Phase II Project – Gap Analysis and Requirements – Integrated Requirements

New Requirements for HIPAA Compliance								
ID	Description	Gap/Issue	Txn	HIPAA M or O	Business Process	System (Owner)	Short- Term Staffing	Long-Term Staffing
F14	The system should be able to produce information in a format necessary to report to federal agencies and state oversight agencies. If proprietary codes are used within the system, they should be translated back out for reporting purposes, for decision support purposes, and for internal research purposes.	Claim related information exists in a variety of proprietary code structures and formats	837I 837P 835	M	10, 23	DHS	Non-permanent staffing to assist in performing revisions, including working with business experts.	New staffing model needed to support such an application
F15	The system must be able to organize services by dates of service regardless of when the claim is received.	Claims must be submitted by the end of the month following the provision of service (ADP Only)	837I 837P	M	10, 23	DHS	Non-permanent staffing to assist in performing revisions, including working with business experts.	Permanent staff would need to monitor and maintain the process.



SD/MC HIPAA Phase II Project – Gap Analysis and Requirements – Integrated Requirements

New Requirements for HIPAA Compliance								
ID	Description	Gap/Issue	Txn	HIPAA M or O	Business Process	System (Owner)	Short- Term Staffing	Long-Term Staffing
F18	This data must be maintained somewhere for client access and also for HHS audits in the event of complaint. The system must also be able to produce a compliant 837 claim from its data collections.	Claim adjudication and payment information must be maintained for 6 years under HIPAA—perhaps 7 years for California law.	837I 837P	M	10	DHS	Non-permanent staffing to assist in performing revisions, including working with business experts.	New staffing model needed to support such an application
F19	To keep up with HIPAA, accurate records will need to be kept regarding system modifications, and clear instructions on how to process through the system.	Little documentation exists regarding how the system works, what changes have been made, and how users can secure modifications to the system	NA	M	NA	DHS	Non-permanent staffing to assist in performing revisions, including working with business experts to assure change processes are accurately documented	Permanent staff would need to monitor and maintain the process.



SD/MC HIPAA Phase II Project – Gap Analysis and Requirements – Integrated Requirements

New Requirements for HIPAA Compliance								
ID	Description	Gap/Issue	Txn	HIPAA M or O	Business Process	System (Owner)	Short- Term Staffing	Long-Term Staffing
F20	The system must be flexible enough to make changes required by irregular releases of HIPAA rules and implementation guides. For HIPAA compliance purposes, SD/MC must be able to produce any HIPAA compliant transaction occurring over a period of 6 years, beginning October 16, 2003.	The system is not flexible for change and does not store documentation for extended periods	NA	M	NA	DHS	Non-permanent staffing to assist in creation or installation of change cycle routines.	Create change cycle staffing model with assignment to permanent staffing. Assumes business experts on HIPAA codes currently exist.



Table D: Current Requirements Not Covered by HIPAA

Current Requirements Not Covered by HIPAA								
ID	Description	Gap/Issue	Txn	HIPAA M or O	Business Process	System (Owner)	Short- Term Staffing	Long-Term Staffing
T403 (C6)	SD/MC provider file at DHS is difficult to synchronize with the County and DMH provider files. The process: 1) Counties receive a Provider ID from DMH; 2a) Counties certify contract providers, maintain county provider file and send certification to DMH; 2b) DMH certifies county run providers; 3) DMH activates in DMH provider file and notifies DHS and EDS; 4) DHS activates in the SD/MC; 5) EDS adds to Medi-Cal provider file and sends an authorization letter allowing access to automated eligibility file	A provider file is referenced to adjudicate a claim however HIPAA does not govern how that file is established or maintained.	837I 837P	NA	10	DMH ADP DHS EDS	This may be a substantial amount of non-permanent staffing to enable this process.	Resources at the FI may be necessary as well.



SD/MC HIPAA Phase II Project – Gap Analysis and Requirements – Integrated Requirements

Current Requirements Not Covered by HIPAA								
ID	Description	Gap/Issue	Txn	HIPAA M or O	Business Process	System (Owner)	Short-Term Staffing	Long-Term Staffing
T405	Data is downloaded to a server for reporting		NA	NA	36	DMH ADP	Non-permanent staffing needed to support design, development, and implementation.	Minimal permanent staffing changes required
T406	Approved Services Report is the SD/MC report used by DMH.		NA	NA	26,27	DHS DMH	Non-permanent staffing needed to support design, development, and implementation.	Minimal permanent staffing changes required
T407	The system needs to send paid claims data to the MIS/DSS	S035 formatted file is necessary for the MIS/DSS system here at DHS.	NA	NA	?	DHS	Non-permanent staffing needed to support design, development, and implementation.	Minimal permanent staffing changes required



SD/MC HIPAA Phase II Project – Gap Analysis and Requirements – Integrated Requirements

Current Requirements Not Covered by HIPAA								
ID	Description	Gap/Issue	Txn	HIPAA M or O	Business Process	System (Owner)	Short-Term Staffing	Long-Term Staffing
T415	ADP & DMH invoices to DHS show Dollars billed with State Funds, Dollars billed for FFP, the FFP% and the total of both dollar columns. Invoice detail reflects the same columns for each county plus month of service and month payment is due		NA	NA	8, 15	ADP / DMH	Non-permanent staffing needed to support design, development, and implementation.	Permanent staff would need to monitor and maintain the process.
T416	ADP & DMH invoices to DHS are checked to ensure that the new expenditures combined with the accumulated total does not exceed State General Funding. When the amount is exceeded, an amendment maybe requested. In this case the invoice is placed on hold until the funds are approved for payment. Nearly 50% of the DMH invoices are revised		NA	NA	8, 15	DHS	Staffing models organized around the proprietary process would need to shift to HIPAA claims processes as appropriate.	Permanent staff would need to monitor and maintain the process.



SD/MC HIPAA Phase II Project – Gap Analysis and Requirements – Integrated Requirements

Current Requirements Not Covered by HIPAA								
ID	Description	Gap/Issue	Txn	HIPAA M or O	Business Process	System (Owner)	Short-Term Staffing	Long-Term Staffing
T418 (C5)	DHS Accounting uses the CMS64 system to interface with CAL-STARS, to request matching federal funds	Paper processes that do not replace electronic transactions can continue	NA	NA	30	DHS	Non-permanent staffing may be needed to establish the process.	Permanent staff would need to monitor and maintain the process
T423	The Batch Reconciliation process verifies the total dollar amount and number of claims on electronic and paper claims submitted by the counties. Inconsistencies are corrected prior to submitting the claims to the Data Edits process. User controls and payment release are tied to the batching process.		NA	NA	12	DMH ADP	Batch reconciliation efforts will not be necessary when SD/MC can process batches of HIPAA transactions	Permanent Staffing required that can monitor, maintain and update the validation process, as well as consult with business experts as necessary
T424	At the completion of processing, DHS notifies ADP / DMH with an e-mail containing Data Set Names (DSN) of the output report / files		NA	NA	26, 27	DHS	This notification may no longer be necessary	Staffing models organized around the proprietary process would need to shift to HIPAA claims processes as appropriate.



SD/MC HIPAA Phase II Project – Gap Analysis and Requirements – Integrated Requirements

Current Requirements Not Covered by HIPAA								
ID	Description	Gap/Issue	Txn	HIPAA M or O	Business Process	System (Owner)	Short-Term Staffing	Long-Term Staffing
T425	Charges are accumulated and charged to MSD1001 for the computer processing		NA	NA	NA	DHS	Computer time charges not related to staffing changes	Computer time charges not related to staffing changes
T427	The Eligibility process must verify Medi-Cal and Healthy Families eligibility for recipients of the Short Doyle / Medi-Cal services		NA	NA	17	DHS EDS	Minimal changes to current process	May require changes to the FI processes relating to eligibility
T428	A claim is denied if a non-Federal Financial Participation (FFP) Aid Code was returned from MEDS		NA	NA	17	DHS EDS	Minimal changes to current process	May require changes to the FI processes relating to eligibility
T429	FFP Rate tables are used to determine FFP rates and calculate the FFP Approved Amount for each approved claim		NA	NA	NA	DHS	Minimal changes to current process	Minimal changes to current process
T432 (C5)	The Claim Payment Request process at DMH consists of preparation of the Claim Schedule for the State Controller's Office (SCO) by DMH Accounting staff from the Expenditures Reports	SCO results do not interface with SD/MC history (required for 835 generation)	NA	NA	28	DHS		Staffing models organized around the proprietary process would need to shift to HIPAA claims processes as appropriate.



SD/MC HIPAA Phase II Project – Gap Analysis and Requirements – Integrated Requirements

Current Requirements Not Covered by HIPAA								
ID	Description	Gap/Issue	Txn	HIPAA M or O	Business Process	System (Owner)	Short-Term Staffing	Long-Term Staffing
T433	The SD/MC Invoice is prepared by DMH using the SD/MC Claim Schedule information.		NA	NA	15	DHS	Non-permanent staffing needed to support design, development, and implementation.	Invoicing process may not be necessary or may be expedited
T437	Copies of the invoice are produced and forwarded to DHS Accounting		NA	NA	15	DHS	Non-permanent staffing needed to support design, development, and implementation.	New staffing model needed to support such an application
T440	Most submitters include all of their claims in one transaction. A consistent exception is LA County, who usually submits five transactions		837I 837P	NA	9, 10	County	Non-permanent staffing may be needed to assist in performing revisions	Depending on the expanded amount of data processing logic that results, permanent staffing increases may be necessary for support.



SD/MC HIPAA Phase II Project – Gap Analysis and Requirements – Integrated Requirements

Current Requirements Not Covered by HIPAA								
ID	Description	Gap/Issue	Txn	HIPAA M or O	Business Process	System (Owner)	Short-Term Staffing	Long-Term Staffing
T441 (C5)	From data loaded into TAPS and reports based on these data, the ADP Accounting Office (FASB) generates a paper Remittance Advice and schedules the warrant generation in CalStars. The State Controller's Office (SCO) combines the paper Remittance Advice with the warrant and mails them to the counties or direct providers.	There is no return interface from the SCO with results of the process	835	NA	28, 29, 32, 33	ADP	Non-permanent staffing needed to support design, development, and implementation.	Staffing models organized around the proprietary process would need to shift to HIPAA claims processes as appropriate.
T4AA (B8)	A different set of codes is used for Federal reporting than those used in Short Doyle	SD/MC currently uses proprietary codes. In general, federal reporting should use HIPAA standard code sets.	837I 837P	O	36	DHS	Non-permanent staffing needed to support design, development, and implementation.	Depending on the expanded amount of data processing logic that results, permanent staffing increases may be necessary for support.



SD/MC HIPAA Phase II Project – Gap Analysis and Requirements – Integrated Requirements

Current Requirements Not Covered by HIPAA								
ID	Description	Gap/Issue	Txn	HIPAA M or O	Business Process	System (Owner)	Short- Term Staffing	Long-Term Staffing
T4AB	Entire claim is denied when SOC is not met. (Example: If a claim is submitted for \$5,000 with SOC of \$300, entire claim is denied because SOC was not met)	Providers will continue to need to clear SOC through the eligibility transactions.	837I 837P 835	M	10, 23	DHS EDS County	Non-permanent staffing will likely be needed to support design, development, and implementation of SOC logic.	Permanent staff would need to monitor and maintain the process
T4AD	ADP and DMH receive paper transactions from counties.	HIPAA TCS does not cover paper processes, but it is an important requirement for solution alternatives.	837I 837P 276	O	7, 8, 9, 35	DHS	Minimal changes until transition is complete, then reduction in KDE staff	Less KDE Staff may be necessary. Staffing to manage and monitor the transmission process would be necessary.



SD/MC HIPAA Phase II Project – Gap Analysis and Requirements – Integrated Requirements

Current Requirements Not Covered by HIPAA								
ID	Description	Gap/Issue	Txn	HIPAA M or O	Business Process	System (Owner)	Short-Term Staffing	Long-Term Staffing
T4AE	Counties also submit research data which falls within the HIPAA security and privacy regulations but not the data regulations	If the data comes in on the transaction, it should not be asked for in another format	NA	NA	37	DMH ADP	Non-permanent staffing needed to support design, development, and implementation of different data transfers or extractions	Permanent staffing required to maintain the process.
C1	The current process to notify providers of suspended claims can continue or can be modified into a different process if agreeable with trading partners.	There is no HIPAA mandated mechanism for notifying the provider of a suspended claim	NA	NA	18, 20, 21	DHS	Minimal staffing changes required once 835 process in place	Staffing models organized around the correction process would need to shift to HIPAA claims processes as appropriate.



SD/MC HIPAA Phase II Project – Gap Analysis and Requirements – Integrated Requirements

Current Requirements Not Covered by HIPAA								
ID	Description	Gap/Issue	Txn	HIPAA M or O	Business Process	System (Owner)	Short-Term Staffing	Long-Term Staffing
C7	HIPAA governs the payment process but does not affect an eventual cost settlement process	Cost settlement does affect budgets and is conducted several years later. It may result in as much as 10-40% difference in the cost/value of services approved in adjudication.	NA	NA	34	DMH ADP	Non-permanent staff may be needed to create a more automated cost accounting process	Staffing may be needed to handle inquiries from trading partners based on the data they access
C8	HIPAA does not deal with timely filing. It does enable the payer to impose timely filing requirements.	Counties have 30 days to submit claims after the end of a service (ADP Only)	NA	NA	7, 9, 10,	DHS	Minimal impact	Minimal impact
C9	SGF payments can continue. They can be accounted for in the 835 transaction later	DMH and ADP make SGF payments to counties prior to the delivery of services. Care must be taken that these payments do not resemble premium payments for which an 820 transaction is necessary.	NA	NA	28, 29	DMH ADP DHS	Non-permanent staffing needed to support design, development, and implementation.	Existing accounting staffing models may need slight modification. If it is determined an 820 transaction is needed, additional permanent staffing may be appropriate.



SD/MC HIPAA Phase II Project – Gap Analysis and Requirements – Integrated Requirements

Current Requirements Not Covered by HIPAA								
ID	Description	Gap/Issue	Txn	HIPAA M or O	Business Process	System (Owner)	Short-Term Staffing	Long-Term Staffing
C10	HIPAA does not interfere with this process although the 837 transaction does allow for some options	Payment requires signed invoices from providers, counties, and ADP/DMH	NA	NA	8, 15	DHS	Non-permanent staffing needed to support design, development, and implementation.	Minimal permanent staffing changes required for automated invoicing process
C11	HIPAA does not require specific timing for adjudication although it does specify that the provider cannot be adversely affected by the timing of EDI processes	Adjudication runs are four times per month	NA	NA	14	DHS	Non-permanent staffing needed to support design, development, and implementation.	Permanent staffing required to maintain and monitor the system
C12	DSS and federal reporting are outside of HIPAA TCS but are not expected to conflict	Data reports are sent to the Decision Support System at MedStat and to federal agencies requiring such reports	NA	NA	36	DHS	Non-permanent staffing needed to support design, development, and implementation.	Minimal staffing changes required for ongoing DSS downloads


Table E: New Requirements That Are Optional For HIPAA Compliance

New Requirements That Are Optional For HIPAA Compliance								
ID	Description	Gap/Issue	Txn	HIPAA M or O	Business Process	System (Owner)	Short-Term Staffing	Long-Term Staffing
T501 (D11)	ADP would like to see claims with patterns of abuse or overuse, stopped with a pre-payment edit, instead of after the fact with the resulting need to recover the money. Example: a client may be enrolled in three different programs, all of which are billed for consultation	SD/MC is not programmed to facilitate monitoring of claiming patterns. HIPAA enables adjudication criteria to sort on various data elements to detect fraud. By recognizing the billing program, the adjudication system can determine that the same client received services in more than one program on the same day by the same provider	837I 837P	O	10	DHS	Non-permanent staffing will likely be needed to support design, development, testing of and implementation of such logic.	Permanent staffing would be needed to determine the appropriate criteria and to monitor the application of the edits. The extent of the edits may necessitate increased permanent staffing on the technical side
T502	ADP wants all reports sent electronically to the department	Many SD/MC reports are on the mainframe or printed to paper.	NA	O	36	ADP DHS	Non-permanent staffing needed to support design, development, and implementation.	New staffing model needed to support such an application



SD/MC HIPAA Phase II Project – Gap Analysis and Requirements – Integrated Requirements

New Requirements That Are Optional For HIPAA Compliance								
ID	Description	Gap/Issue	Txn	HIPAA M or O	Business Process	System (Owner)	Short-Term Staffing	Long-Term Staffing
T503	Need audit criteria that monitors for fraud (excessive billing) on a post payment basis	SD/MC does not process information beyond the adjudication process. HIPAA requires that 6 years of adjudicated data be retained and available for various purposes, including fraud detection	837I 837P	M/O	36	ADP DMH	Non-permanent staffing will likely be needed to support design, development, testing of and implementation of such logic.	Permanent staffing would be needed to determine the appropriate criteria and to monitor the application of the edits. The extent of the edits may necessitate increased permanent staffing on the technical side
T504	Queries should be flexible and composed at the time of the query, and able to access all data that is in the system but not reported in canned reports, Real-Time - avoiding downloads.	SD/MC does not support ad hoc queries by the departments. HIPAA requires that 6 years of adjudicated data be retained and available for various purposes	837I 837P 835	M/O	36	DMH ADP	Non-permanent staffing needed to support design, development, and implementation.	New staffing model needed to support such an application



SD/MC HIPAA Phase II Project – Gap Analysis and Requirements – Integrated Requirements

New Requirements That Are Optional For HIPAA Compliance								
ID	Description	Gap/Issue	Txn	HIPAA M or O	Business Process	System (Owner)	Short-Term Staffing	Long-Term Staffing
T508	Would like to see reporting of what we are paying & to whom we are paying - by Provider ID or county code with a breakdown of each payment	The reporting described does not exist in SD/MC.	835	NA	36	ADP DMH	Non-permanent staffing needed to support design, development, and implementation.	New staffing model needed to support such an application
T509	Management reports that periodically reports on a contract level, Appropriated vs. Paid	The reporting described does not exist in SD/MC.	NA	NA	36	ADP DMH	Non-permanent staffing needed to support design, development, and implementation.	New staffing model needed to support such an application
T511	Monthly, quarterly or periodic reports that report billed and paid	The reporting described does not exist in SD/MC.	NA	NA	36	ADP DMH	Non-permanent staffing needed to support design, development, and implementation.	New staffing model needed to support such an application



SD/MC HIPAA Phase II Project – Gap Analysis and Requirements – Integrated Requirements

New Requirements That Are Optional For HIPAA Compliance								
ID	Description	Gap/Issue	Txn	HIPAA M or O	Business Process	System (Owner)	Short-Term Staffing	Long-Term Staffing
T512	Need the functionality of the current EOB, I.e. merging of the info in the 837, 835 & MEDS	As long the intended usage is internal, there is no compliance issue.	837I 837P 835	NA	36	ADP DMH DHS EDS	Non-permanent staffing needed to support design, development, and implementation.	New staffing model needed to support such an application
T513	When eligibility is forced, the system should capture why & who performed the override to the claim	HIPAA allows for emergency codes for override and for late filing indicators.	837I 837P	O	10	DHS	Non-permanent staffing will likely be needed to support design, development, testing of and implementation of such logic	Permanent staffing would be needed to determine the appropriate criteria and to monitor the application of the edits.



SD/MC HIPAA Phase II Project – Gap Analysis and Requirements – Integrated Requirements

New Requirements That Are Optional For HIPAA Compliance								
ID	Description	Gap/Issue	Txn	HIPAA M or O	Business Process	System (Owner)	Short- Term Staffing	Long-Term Staffing
T515	DMH would like to be able to guarantee eligibility, once a provider has been told a client is eligible, even though a subsequent update removed the eligibility. Like the current Medi-Cal process run by EDS	SD/MC has no access to the Eligibility Verification Control Log. SD/MC should access Medi-Cal eligibility inquiry records to verify Medi-Cal status at the time of inquiry to accurately process claims		O	17	DHS EDS	This may be a substantial amount of non-permanent staffing to enable this process. Resources at the FI would be necessary as well.	Permanent staff would need to monitor and maintain the process
T516	Improve overall processing time to enable quicker payments.	The processes between DMH, DHS, and SCO are largely manual.	NA	NA	30	DHS SCO	Non-permanent staffing may be needed to establish the process.	Permanent staff would need to monitor and maintain the process
T520 (E25)	Counties would like EFT	Counties currently receive paper checks.	NA	NA	33	SCO	Non-permanent staffing may be needed to establish the process.	Unknown permanent staffing changes



SD/MC HIPAA Phase II Project – Gap Analysis and Requirements – Integrated Requirements

New Requirements That Are Optional For HIPAA Compliance								
ID	Description	Gap/Issue	Txn	HIPAA M or O	Business Process	System (Owner)	Short-Term Staffing	Long-Term Staffing
T521	Need to share client info between counties. Client's are in another county but original county doesn't know that fact until a claim is denied as a duplicate service	SD/MC should make better use of the 835. In this case, an identifiable ARC and/or Remarks code to indicate this scenario occurred could be placed on the 835.	835	NA	23	DHS	Non-permanent staffing may be needed to establish the process.	Permanent staff would need to monitor and maintain the process.
T528	Need to be able to reconcile Cost Data before Auditors arrive. Cost report data should be available more often than annually. Auditors look at Approved data only, they do not look at the total picture.	The capability described does not exist in SD/MC.	NA	NA	34, 36	ADP DMH	Non-permanent staffing needed to support design, development, and implementation.	Staffing may be needed to handle inquiries from trading partners based on the data they access.
T529 (C13)	Must be able to reconcile all previous codes after HIPAA	There will be an overlap of compliant and non-compliant codes that will impact data analysis.	NA	NA	36	DHS DMH ADP	Non-permanent staffing to assist in creation or installation of change cycle routines.	Permanent staff would need to monitor and maintain the process



SD/MC HIPAA Phase II Project – Gap Analysis and Requirements – Integrated Requirements

New Requirements That Are Optional For HIPAA Compliance								
ID	Description	Gap/Issue	Txn	HIPAA M or O	Business Process	System (Owner)	Short-Term Staffing	Long-Term Staffing
T530	Counties would like improvement in the 7-10 day claim turn around (Would like a process similar to Medicare's, where within 48 hours of submission they can pull up a screen that shows received, approved, denied and date when payment will be made)	The current collection of processes appears to take a significant amount of time to generate actual payment.	835	M	23	DHS	Non-permanent staffing needed to support design, development, and implementation.	
T531 (D17)	Would like ability to use secure File Transfer Protocol (FTP)	Current processes require manual interaction.	NA	NA	NA	DHS	Non-permanent staffing needed to support design, development, and implementation.	Possible permanent staff required for maintenance



SD/MC HIPAA Phase II Project – Gap Analysis and Requirements – Integrated Requirements

New Requirements That Are Optional For HIPAA Compliance								
ID	Description	Gap/Issue	Txn	HIPAA M or O	Business Process	System (Owner)	Short-Term Staffing	Long-Term Staffing
T532	Would like an exception report of claim submission patterns to assist in detecting a recurring problem (example: Medicare reports counts of denials by code)	The report described does not exist in SD/MC.	NA	NA	36	ADP DMH	Non-permanent staffing needed to support design, development, and implementation.	New staffing model needed to support such an application.
T539 (E11)	Digitized Signatures must be agreeable to counties, as well as the State	No digital signature standard has been identified, nor has there been agreement to use them.	NA	NA	8	DHS County	Non-permanent staffing needed to support design, development, and implementation.	Minimal permanent staffing changes required
T542 (E17)	Link services to specific diagnoses	The capability described does not exist in SD/MC.	NA	O	10	DHS	Non-permanent staffing to assist in performing revisions, including working with business experts	Depending on the expanded amount of data processing logic that results, permanent staffing increases may be necessary for support.



SD/MC HIPAA Phase II Project – Gap Analysis and Requirements – Integrated Requirements

New Requirements That Are Optional For HIPAA Compliance								
ID	Description	Gap/Issue	Txn	HIPAA M or O	Business Process	System (Owner)	Short-Term Staffing	Long-Term Staffing
T602 (B11)	DHS needs to retain more info from MEDS and make it available, such as Language, Date Of Birth, Admit Date, Gender, Other Insurance, Medicare A & B, etc	All of these data elements except Language must come in on the transaction if they exist, such as admit date. DHS cannot make the language info from MEDS available on any transaction. It is not a code set on anything but the 834. MEDS data for internal use is not covered.	837I 837P 270 271	NA	1, 2, 10	DHS EDS	Minimal changes required to current process to obtain data from MEDS	Minimal changes required to current process to obtain data from MEDS
T6AA	Would like summaries that show how much was paid for FFP and how much is yet to come. Want to look at all of the data the State has, what is paid and what is owed	The report described does not exist in SD/MC.	NA	NA	NA	DHS	Non-permanent staffing to assist in performing revisions, including working with business experts	Minimal staffing required after acceptance of initial reports.



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ID	Description	Gap/Issue	Txn	HIPAA M or O	Business Process	System (Owner)	Short-Term Staffing	Long-Term Staffing
T6AB	ADP & DMH should change CADDs, CSI, and other systems reporting service data to accept the HIPAA code sets.	The Collaborative HIPAA Implementation Project (CHIP) agreed that CSI and CADDs are not covered under HIPAA. Requiring the same data to be reported with different code sets diminishes the intent of Administrative Simplification.	837I 837P	O	36	DMH ADP	Non-permanent staffing to assist in performing revisions, including working with business experts.	Permanent staffing required that can monitor, maintain and update the validation process, as well as consult with business experts as necessary.
T6AC (E10)	When in an Institution for Mental Disease (IMD), would like to be able to edit against services rendered by someone else	May require complex criteria.	837I 837P	O	10	DHS	Non-permanent staffing will likely be needed to support design, development, and implementation of such logic.	Minimal, once adjudication logic installed



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ID	Description	Gap/Issue	Txn	HIPAA M or O	Business Process	System (Owner)	Short-Term Staffing	Long-Term Staffing
T6AD (D12)	The system should allow overrides to SD eligibility for specific circumstances that are within State and Federal regulations.	Business process Improvement under HIPAA	837I 837P	O	10, 23	DHS	Non-permanent staffing will likely be needed to support design, development, and implementation of such logic.	Minimal, once adjudication logic installed
T6AE	SD/MC should support the ability for DHS (or its agent) to receive, process and pay all claims directly, if and when it is decided to adjudicate in this manner. (Providers submit directly to DHS and have payment sent directly back to the providers)	Current process has DHS adjudicate claims, then send data back to ADP and DMH to determine payment amounts and trigger payment to counties from SCO.	837I 837P 835	O	10, 23	DHS	Non-permanent staffing needed to support design, development, and implementation.	Staffing models supporting front-end processing and back-end transmittal for SD/MC at ADP and DMH would need to be developed at DHS.



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ID	Description	Gap/Issue	Txn	HIPAA M or O	Business Process	System (Owner)	Short- Term Staffing	Long-Term Staffing
T6AF (C2)	Counties want the Aid Code that was used to approve a service, reported back for several purposes under the headings of financial and analytical reasons. A key purpose is confirming Healthy Families clients versus regular SD/MC. The Aid Code is also useful for Cost Reporting, tracking EPSDT services, identifying services that may be 100% State Funds or 100% Federal Funds.	May need to use a mixture of data fields to determine the Aid code. Although they may be used internally for processing, they may not be returned on any electronic transaction	835	M	23	DHS	Non-permanent staffing to assist in creation or installation of change cycle routines.	Create change cycle staffing model with assignment to permanent staffing. Assumes business experts on HIPAA codes currently exist
T6AG	Counties will probably be told that they must submit transactions in a HIPAA compliant format. The expectation is that all claims will be received electronically.	Counties and direct providers currently submit HIPAA compliant, proprietary electronic, and paper transactions.	837I 837P	M	7, 9, 10	DHS	Non-permanent staffing to assist in performing revisions, including working with business experts	Depending on the expanded amount of data processing logic that results, permanent staffing increases may be necessary for support.



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ID	Description	Gap/Issue	Txn	HIPAA M or O	Business Process	System (Owner)	Short-Term Staffing	Long-Term Staffing
T6AH (E36)	Medicare payer-to-payer Coordination of Benefits (COB) is desired.	SD/MC cannot handle COB. HIPAA enables payer-to-payer COB. SD/MC must recognize the CPT code equivalent of the HCPCS codes	837I 837P	O	10	DHS	Non-permanent staffing will likely be needed to support design, development, and implementation of such logic.	It is sufficiently complex to necessitate permanent staffing dedicated to this process.
T6AJ	Use the HIPAA override capability for defined situations. (Example: Once a claim is paid for a given client / service / date, legitimate claims for the same service will not pay and there is no automated override process available.)	Claims deny for legitimate services	NA	NA	20	DHS	Non-permanent staffing will likely be needed to support design, development, testing of and implementation of such logic.	Permanent staffing would be needed to determine the appropriate criteria and to monitor the application of the edits. The extent of the edits may necessitate increased permanent staffing on the technical side.



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ID	Description	Gap/Issue	Txn	HIPAA M or O	Business Process	System (Owner)	Short-Term Staffing	Long-Term Staffing
T6AK	Accounting would like to see a more level flow of invoicing. Frequency varies. They may be received weekly, bi-weekly and monthly. It is not unusual to receive 10 or 12 at a time, especially at month end. Timing of the receipt of DMH invoices for matching FFP often creates problems, especially at year-end. Amendments are often requested late with a 6/30 expected date, causing a labor-intensive fast track process. It can take 16 months to receive a requested report		NA	NA	15	DHS	Non-permanent staffing needed to support design, development, and implementation.	New staffing model needed to support such an application



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ID	Description	Gap/Issue	Txn	HIPAA M or O	Business Process	System (Owner)	Short-Term Staffing	Long-Term Staffing
T6AM	Some error detection is performed as claims are received. When appropriate, the counties would like to see the field ID that is associated with the error.	The 997 can specify the data element(s) that trigger a rejection.	997	O	11		Non-permanent staffing needed to support design, development, and implementation.	Minimal permanent staffing changes
E3	Need to manage provider information once NPI is required	ID code qualifier and ID code that recognizes current provider ID and ultimately NPI	837I 837P	M	10, 23, 35	DHS	Non-permanent staffing to assist in performing revisions, including working with business experts	Permanent staffing required to maintain the process.
E4	Determine qualifications of providers	Taxonomy code identifies the provider type and specialty as well as subspecialty information.	837I 837P	O	10	DHS	Non-permanent staffing to assist in performing revisions, including working with business experts	Permanent staffing required to maintain the process.



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ID	Description	Gap/Issue	Txn	HIPAA M or O	Business Process	System (Owner)	Short-Term Staffing	Long-Term Staffing
E5	Allow counties to be pay-to providers to act as billing agents for subcontracting providers	Pay-to Provider loop enables the county to be the payee while submitting a claim on behalf of another rendering provider	837I 837P	O	10, 23	DHS	Non-permanent staffing to assist in performing revisions, including working with business experts	Permanent staffing required to maintain the process.
E6	Conduct Coordination of Benefits (COB) electronically from payer to payer and provider to payer	COB fields carry information from previous payers and may be completed by current payer if to be forwarded to additional payers. Consider the Payer-to-Payer elements from Version 4050 to enable pay and chase collections.	837I 837P	O	10	DMH	Non-permanent staffing to assist in performing revisions, including working with business experts	Permanent staffing required to maintain the process.
E7	Use pregnancy indicator or additional diagnoses to establish the pregnancy and enable new payment logic	Patient information, such as occurrence of pregnancy facilitates different payment logic of claims	837I 837P	O	10, 23	DHS	Non-permanent staffing to assist in performing revisions, including working with business experts	Permanent staffing required to maintain the process.



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ID	Description	Gap/Issue	Txn	HIPAA M or O	Business Process	System (Owner)	Short-Term Staffing	Long-Term Staffing
E8	Determine patient current address which may be different than on eligibility file	Patient/Subscriber address field enables the patient current address to be submitted. May differentiate between a county of residence or county of responsibility	837I 837P	M	10	DHS	Non-permanent staffing to assist in performing revisions, including working with business experts	Permanent staffing required to maintain the process.
E9	Electronically determine the appropriate county for payment responsibility when patient seeks care out of county	Responsible Party Name field may establish the county that is responsible if patient is seeking care out of county. Might avoid or assist the contractor that currently manages this process	837I 837P	O	10, 23	DHS	Non-permanent staffing to assist in performing revisions, including working with business experts	Permanent staffing required to maintain the process.
E12	Determine specific contractual arrangements with some counties (San Mateo)	Contract information is available on the claim to differentiate special payment structures	837I 837P	O	10, 23	DHS	Non-permanent staffing to assist in performing revisions, including working with business experts	Permanent staffing required to maintain the process.



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ID	Description	Gap/Issue	Txn	HIPAA M or O	Business Process	System (Owner)	Short-Term Staffing	Long-Term Staffing
E13	Allow counties to purchase services if they are not determined to be health plans	Purchased Service can be indicated on the claim and service line level	837I 837P	O	10	DHS	Non-permanent staffing to assist in performing revisions, including working with business experts	Permanent staffing required to maintain the process.
E14	Allow flexibility for any new state mandates	Maintain availability of the K3 field for new state mandates	837I 837P	O	10	DHS	Non-permanent staffing to assist in performing revisions, including working with business experts	Permanent staffing required to maintain the process.
E15	Allow providers to submit additional information they feel will enable better processing	Recognize the NTE Note field; however, its use should be discouraged, as it will require manual processing.	837I 837P	O	10	DHS	Non-permanent staffing to assist in performing revisions, including working with business experts	Permanent staffing required to manually process the NTE segments for adjudication



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ID	Description	Gap/Issue	Txn	HIPAA M or O	Business Process	System (Owner)	Short-Term Staffing	Long-Term Staffing
E16	Enable electronic submission of additional EPSDT information that may be used for reporting or research	Additional program information for EPSDT can be carried in the CRC segment. This segment is required if the claim is for EPSDT services.	837I 837P	M	10, 23, 36, 37	DHS	Non-permanent staffing to assist in performing revisions, including working with business experts	Permanent staffing required to maintain the process.
E18	There may be a need to determine the relationship for youth in the Healthy Families SED program	Relationship codes can indicate a child who is a foster child, adopted child, or other relationship that may be specific during treatment phases.	837I 837P	O	10	DHS	Non-permanent staffing to assist in performing revisions, including working with business experts	Permanent staffing required to maintain the process.
E19	Enable the sending of standard supporting documentation electronically, i.e. treatment plans, certification invoice documents, etc.	Form Identifier code allows for these standard documents to be sent electronically	837I 837P	O	10	DHS	Non-permanent staffing to assist in performing revisions, including working with business experts	Permanent staffing required to maintain the process.



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ID	Description	Gap/Issue	Txn	HIPAA M or O	Business Process	System (Owner)	Short- Term Staffing	Long-Term Staffing
E21	Enable the processing of occurrence codes, value codes and condition codes that are available on the institutional claim or the paper UB-92 claim. The condition code field is where EPSDT information is carried on the 837I claim	A variety of information can be transmitted on institutional claims regarding occurrences, values of processes and conditions – taken from UB-92 paper formats	837 I	O	10, 36, 37	DHS	Non-permanent staffing to assist in performing revisions, including working with business experts	Permanent staffing required to maintain the process.
E22	Enable information regarding Attending Physician, Referring Providers, or Other physicians as deemed necessary by programs	Provider information is different in institutions than in clinics or office practices	837I	O	10	DHS	Non-permanent staffing to assist in performing revisions, including working with business experts	Permanent staffing required to maintain the process.



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ID	Description	Gap/Issue	Txn	HIPAA M or O	Business Process	System (Owner)	Short-Term Staffing	Long-Term Staffing
E23	Medicare completes the Medicare Inpatient Adjudication information (MIA) or Medicare Outpatient Adjudication Information (MOA) to supply this information to secondary payers	Certain Medicare payment information is carried in specific locations	837I	O	10	DHS	Non-permanent staffing to assist in performing revisions, including working with business experts	Permanent staffing required to maintain the process.
E24	Counties want a payment date that is different than the service date	The 835 carries a Check Issue or EFT Date	835	M	23	DHS SCO	Non-permanent staffing to assist in performing revisions, including working with business experts	Permanent staffing required to maintain the process.
E26	For tracking purposes in the 276/277 transaction, it may be necessary to locate the status of claims in process	The 835 carries a production date that references that date of the adjudication run if the 835 is not produced at that time.	835	O	23	DHS	Non-permanent staffing to assist in performing revisions, including working with business experts	Permanent staffing required to maintain the process.



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E29	Units of service may be adjusted by ADP or DMH in the adjudication process and must be accounted for	Adjustments to units of service can be returned in CAS segments at either the claim or service line level to enable submitters to know how payment was determined	835	M	23	DHS	Non-permanent staffing to assist in performing revisions, including working with business experts	Permanent staffing required to maintain the process.
E30	The 835 enables return of third party payments as they affect payments by ADP or DMH	Third party payment information is not used in claim processing	835	M	23	DHS	Non-permanent staffing to assist in performing revisions, including working with business experts	Permanent staffing required to maintain the process.
E31	The 835 allows for a return of information about spend down or specific Medicaid payment mandates like FFP.	The system cannot use patient share of cost information to process claims	835	O	23	DHS	Non-permanent staffing to assist in performing revisions, including working with business experts	Permanent staffing required to maintain the process.



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ID	Description	Gap/Issue	Txn	HIPAA M or O	Business Process	System (Owner)	Short- Term Staffing	Long-Term Staffing
E32	Service information can include procedure codes for professional claims and revenue codes for institutional claims	Current EOB information does not differentiate between institutional and professional type claims	835	M	23	DHS	Non-permanent staffing to assist in performing revisions, including working with business experts	Permanent staffing required to maintain the process.
E33	The 835 enables the use of remark codes to further explain claim or service line adjustments	Information regarding specific claim adjustments may be more generic than currently used	835	O	23	DHS	Non-permanent staffing to assist in performing revisions, including working with business experts	Permanent staffing required to maintain the process.



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ID	Description	Gap/Issue	Txn	HIPAA M or O	Business Process	System (Owner)	Short- Term Staffing	Long-Term Staffing
E34	PLB segments allow for adjustments to payments that are not related to the claim information being returned. Such adjustments might include: interim settlement payments, overpayment recoveries, or retroactive adjustments.	Adjustments to payments that are not specific to the claim are not explained in current EOBs	835	O	23	DHS	Non-permanent staffing to assist in performing revisions, including working with business experts	Permanent staffing required to maintain the process.
E35	The system should use and process such dates for better adjudication information. Time of service would enable better duplication checking and fraud abuse	Dates in claims are not always sent or used by the system Some dates are optional. Most are situational and these situations occur occasionally.	837I 837P	O/M	10	DHS	Non-permanent staffing to assist in performing revisions, including working with business experts	Permanent staffing required to maintain the process.



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E37	Counties would like increased special population data	This information is not available on any transaction other than the 834, nor can it be transmitted on any existing transaction. If the data is collected in the MEDS system, however, a special report from MEDS to the counties could communicate that information. Aggregate, de-identified data would be the most compliant with HIPAA privacy.	834	O	36	DHS EDS	Non-permanent staffing to assist in performing revisions, including working with business experts	Permanent staffing required to maintain the process.
E38	While building flexibility into the new system, SD/MC might give consideration to increasing the diagnosis code field to 6 digits to accommodate future versions	ICD-9 codes have 5 digits but counties would like the use of ICD-10, which are enabled in later versions of the transactions	837I 837P	O	10, 23, 35	DHS	Non-permanent staffing to assist in performing revisions, including working with business experts	Permanent staffing required to maintain the process.



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ID	Description	Gap/Issue	Txn	HIPAA M or O	Business Process	System (Owner)	Short-Term Staffing	Long-Term Staffing
E39	Want a better way to share information between counties. (Prev. D15)	The beginning process is an eligibility inquiry on each client. This can return valuable information regarding the benefits available and the permanent address of the client for tracking purposes. The details of these transactions are outside the scope of this project.	270 271	O	1, 2	ADP DMH DHS	Some staffing changes required at Fiscal Intermediary	Permanent staffing may be necessary at county level to make use of eligibility transaction and information
E40	Allow billing across months and fiscal years.	Although there are no barriers in the HIPAA transactions, there may be business constraints that limit the flexibility of billing across months.	837P, 837I 835	O	10, 23	DMH	Non-permanent staffing to assist in performing revisions, including working with business experts	Permanent staffing required to maintain the process.



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E41	Improve edits within the system to detect complex fraud or abnormal billing patterns; current edits do detect some duplicate claims and deny similar services rendered to the same patient on the same day.	HIPAA provides the opportunity to increase fraud detection by making more information available and making it easier to compare utilization among programs.	837I 837P	O	10	DMH ADP	Non-permanent staffing to assist in performing revisions, including working with business experts	Permanent staffing required to maintain the process.



SD/MC HIPAA Phase II Project – Gap Analysis and Requirements – Integrated Requirements

9. Integrated Requirements Approval

We have reviewed the SD/MC Phase II Integrated Requirements document and hereby approve it.

Signature on File Date 10/25/04
Karen Redman, Project Director, ADP HIPAA Office

Signature on File Date 10/15/04
Julie Baltazar, Chief, DMH Office of HIPAA Compliance

Signature on File Date 10/20/04
Linda Williams, DHS-ITSD-MAS

Signature on File Date 11/15/04
Russ Hart, Chief, PSD OHC Technology Section